Daily Report

Latin America

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Industrial Ministers Agree To Promote Development

PY2709222695 Buenos Aires TELAM in Spanish 1347 GMT 23 Sep 95

[FBIS Translated Text] Montevideo, 23 Sep (TELAM-SNI) — The local media reports today that the industry ministers of Latin America and the Caribbean have agreed on the need to promote new strategies at the regional level to encourage the development of industrial policies.

Industry ministers and under secretaries of 17 countries met for two days in Montevideo during the biannual meeting of the UN Industrial Development Organization (UNIDO).

At a news conference held at the end of the meeting, UNIDO Director General Mauricio de Maria y Campos stressed that "Latin America must rescue its industrial tradition by placing its bets on industry."

After the discussions, the ministers drafted a document on the importance of the industrial sector in the economic and social development of the continent.

De Maria added that following the structural adjustments the Latin American economies experienced in the previous decade, "the continent's industrial sector suffered a 15-year lull with respect to the industrialized countries and economies of Asia."

The UNIDO director highlighted the fact that during the meeting "a consensus was achieved among the Latin American and Caribbean countries to assign special importance to industrial policy."

De Maria indicated that the ministers also agreed to encourage a new state role in industrial promotion "in order to support the small and medium-sized industries and thus accelerate technological change."

The UNIDO official highlighted the importance of depending on a basic framework of stability that must establish clear rules of the game for the investors.

He added that "there must be a sustained effort regarding internal savings and a promotion of productive investment. There must also be a basic agreement between the government and the private sector to create conditions to ensure industrial development within the framework of international competitiveness."

Asked about an eventual withdrawal of the United States from the organization that he heads, De Maria said that "we must wait until the decision of the U.S. Congress is known."

Moreover, he highlighted the fact that UNIDO "could become a much stronger institution if U.S. support continues."

According to the organization's figures, it has 160 member countries, and the United States contributes 25-30 percent of the annual budget, which amounts to $104 million.

Mercosur Countries Sign Protocol on Trademarks

PY2609145095 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 26 Sep 95

[Report by Clovis Resende in Porto Alegre]

[FBIS Translated Text] Member countries of the Common Market of the South [Mercosur] have signed a protocol to end disagreements on trademark registration.

Mercosur Council coordinator Alvaro Alves Sobrinho said in Porto Alegre that the approval of a protocol on intellectual property rights over trademarks, country of origin, and original names will be instrumental in reconciling the main conflicting issues among Brazil, Argentina, Uruguay, and Paraguay and in reducing the main distortions and barriers to international trade.

Alves Sobrinho said the protocol largely meets the expectations of industrial groups, especially regarding the protection of registered trademarks. Among the main points included in the agreement signed by the four countries is their pledge to observe international commitments, namely the rules and principles of the Paris Convention on the protection of industrial property rights, and the agreement on aspects linked to intellectual property.

Cattlemen, Farmers Association Holds Assembly

PY2709155795 Madrid EFE in Spanish 0320 GMT 25 Sep 95

[FBIS Translated Text] Santa Cruz, 24 Sep (EFE) — The Inter-American Association of Cattlemen and Farmers (Ciaga) today called upon its members to coordinate efforts and initiatives so that the countries of the hemisphere may achieve a more balanced development.

The appeal was launched today by Ciaga Chairman Guillermo Alchouron from Argentina in the opening speech for Ciaga's 31st Annual Assembly, a speech delivered to more than 300 delegates from 17 member countries. This assembly will conclude on 26 September.

Alchouron explained that the agricultural productive sector may be the basis for this balanced development

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as long as the old protectionist and subsidy policies are eliminated.

The Ciaga chairman spoke in favor of a more open and competitive development model, which incorporates tasks that enable the people who derive their livelihood from agriculture and animal husbandry to improve their standard of living.

Bolivian President Gonzalo Sanchez de Lozada attended this opening ceremony accompanied by his Paraguayan counterpart Juan Carlos Wasmosy — who was invited by the Bolivian head of state to make an informal visit to Santa Cruz de la Sierra. Sanchez de Lozada endorsed the main points defended by Ciaga.

The Bolivian president said: "It is a matter of great pleasure for me to listen to the new challenges facing a traditionally protectionist sector, a sector that was protectionist not out of choice but because it was obliged to be so in view of the circumstances imposed by intense competition at the international level."

A speech by OAS Secretary General Cesar Gaviria, who had promised to participate in this Ciaga assembly, was read at the ceremony.

Gaviria's address — which was read by Miguel Rodrigues, an OAS special adviser in trade matters — defended the same basic points raised by Alchouron concerning the consolidation of greater trade liberalization.

Gaviria stated that the countries of the Americas ought not to ignore the current economic revolution and globalization affecting all the countries throughout the world, especially if they intend to achieve their objective of establishing a free trade zone by the year 2005.

Following a welcome speech by Benjamin Bowles, chairman of the Santa Cruz Cattlemen's Federation, Ciaga representatives exchanged opinions with the Bolivian and Paraguayan heads of state.

The assembly will start its working sessions tomorrow with the participation of subregional integration organizations like the Andean Pact, the Common Market of the South (Mercosur), NAFTA, and the EU.

Conclusions will be released on the afternoon of 26 September, on which date Ciaga will also take stock of the agricultural and animal husbandry situation in member countries, which presented their reports at a meeting held prior to the opening ceremony of Ciaga's 31st Annual Assembly.

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Cuba

Robaina To Meet Iranian Minister, Grant CNN Interview

PA2809011395 Havana PRENSA LATINA in Spanish 1906 GMT 26 Sep 95

[FBIS Translated Text] United Nations, 26 Sep (PL) — Foreign Minister Roberto Robaina continued with his busy schedule of bilateral meetings today, as part of the UN General Assembly's 50th regular period of sessions.

He started the day with a meeting with Iranian Foreign Minister 'Ali Akbar Velayati on matters of bilateral interest and on international developments.

Robaina will meet the Zimbabwean, Icelandic, Irish, and Belarusian foreign ministers and attend the general debate during the day.

He will also meet the Saharan Arab Democratic Republic [Western Sahara] president's adviser and his Ukrainian, Libyan, and Finnish counterparts.

He will also grant an interview to CNN's Spanish-language service and attend a fraternal meeting with the Cuban-American community of New York.

The foreign minister, who yesterday addressed the General Assembly, had a busy schedule during his first day here, including a meeting of the Ibero-American foreign ministers at the invitation of Argentine Foreign Minister Guido Di Tella.

Robaina also met Spanish Foreign Minister Javier Solana, whose country is chairing the EU Executive Council during this six-month period.

The official also met his Tunisian, Norwegian, and Brazilian colleagues and attended a meeting organized by German Foreign Minister Klaus Kinkel and a reception honoring Salvadoran President Armando Calderon Sol.

Foreign Ministers Stress Importance of Ties

PA2709222495 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Sep 95

[Report by Barbara Betancourt; from the "Evening Information Review" newscast]

[FBIS Translated Text] The foreign ministers of Cuba and Swaziland signed, in Havana on Friday [22 Sep], a document establishing diplomatic relations between the two countries. Cuban Foreign Minister Roberto Robaina Gonzalez highlighted the importance his government attaches to this decision.

[Begin Robaina recording] It is important for Cuba when any diplomatic relations are established, and it is also very important for us that at a time such as this, when certain powerful countries, particularly the United States, where various U.S. congressmen are intent on promoting bills to hinder the country's development and make our life impossible. Some people ask if this vote was really a surprise to us. I would say that we have become accustomed to this sort of procedure for quite some time, where the structures of U.S. power do not conceive the idea, or possibility, of establishing relations with Cuba in a rational and civilized manner. I say that [words indistinct], that the House of Representatives approved this last night or yesterday, you visit us today and one more government is added to the list of 154 nations that tell the world that Cuba is not isolated and that there are 154 governments that have decided to maintain this relationship with Cuba. [end recording]

In turn, Swazi Foreign Affairs Minister Solomon Dlamini said this decision is consistent with the proven links between Cuba and the African continent.

[Begin Dlamiri recording in English with sentence-by-sentence translation into Spanish] The Republic of Cuba has worked hard to contribute toward the liberation struggle of Africa, especially (?South Africa). I also know much of what Cuba has done for Mozambique and for Angola, and we are very happy to see that Cuba's contribution to these two countries has resulted in peace and liberty for Angola, which is a member of the (South East) African Development Community. We are very happy to have signed, today, this protocol, which is the first step to obtain many other marvelous things. My visit today opens the path so that other ministers come and see and find what the areas of cooperation are. We know that the Cuban people are a hard-working people and are capable of supporting the sudden attacks by [words indistinct]. [end recording]

Deputy Foreign Ministers Sign Bilateral Pact

PA2609225295 Havana PRENSA LATINA in Spanish 0014 GMT 26 Sep 95

[FBIS Translated Text] Havana, 25 Sep (PL) — On 25 September, Indian Deputy Foreign Minister Binod Kumar Grover and Cuban Vice Foreign Minister Isabel Allende signed a bilateral agreement on cultural and educational exchanges that will be in force until 1977. Allende said this document is very important for relations between Cuba and India because "it has created an instrument allowing our peoples to meet and know each other better."

Grover said he is pleased with the step taken and described the current bilateral exchanges between Havana and New Delhi as very good. The Indian official expressed gratitude for the hospitality displayed by Cuban

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authorities and said that during his stay here he discussed very important issues pertaining to the Nonaligned Movement, a dialogue that will be continued with the Cuban delegation in New York.

Grover added that they also exchanged views on the 50th anniversary of the United Nations and on democratization of the UN Security Council.

Grover's schedule included meetings with other government and Foreign Ministry officials.

Electric Union: Power Plant Maintenance To End Early

PA2409200095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 23 Sep 95

[From the "NTV" newscast]

[FBIS Translated Text] The National Electric Union has reported that the annual maintenance on the Matanzas Thermoelectrical Station will conclude a few days ahead of schedule. The shutting down of this 300-megawatt unit of high technical and operational reliability has not been compensated for by Cuba's remaining thermoelectrical plants. This caused serious power shortages in all provinces, especially on 20 and 21 September.

The National Electric Union reiterated that they are obliged to continue the repair program until December in order to ensure the beginning of the sugarcane harvest and not inconvenience the rest of the economy and the population. Therefore, the measures to save energy in state-owned enterprises and among the population are even more necessary.

Bahamas

Defense Force Buys Two Boats for Harbor Patrol

FL2709121895 Bridgetown CANA in English 2101 GMT 26 Sep 95

[FBIS Transcribed Text] Nassau, Bahamas, Sept. 26, CANA — The Bahamas Defence Force is strengthening its harbour fleet to crack down on illegal jet ski and small boat operators, and carry out routine vessel inspections and patrols. Minister of Public Safety and Immigration, C.A. Smith on Monday [25 September] presented Maura's Marine of Nassau with the final cheque for the delivery of two 21-foot Impact Boston Whalers. The boats are the first of five to be acquired by the Defence Force for harbour patrol and security duties. The total cost of the harbour patrol fleet, including a 27-foot Challenger Boston Whaler and two 19-feet Wahoos, is U.S. 300,000. The Impact craft, which will be used primarily for boat inspection and boardings, were purchased at a cost of 116,416 and will be operated by the newly formed harbour patrol unit of the Defence Force.

Haiti

Aristide Meets Coup Victims, Victims' Relatives

PA2809000495 Port-au-Prince Radio Metropole in French 1600 GMT 27 Sep 95

[Report by Rothschild Francois, Jr. from the National Palace; from the "Midday" newscast — live]

[FBIS Translated Text] This Wednesday [27 September], President Aristide received at the National Palace victims and relatives of victims of the coup d'etat. Let us listen to a report by Rothschild Francois, Jr.

[Francois] Indeed, Kettely, good afternoon to all. President Jean-Bertrand Aristide just met several dozen victims and relatives of victims of the military coup d'etat of September 1991. The victims denounced the military regime that reigned over Haiti for those three years. President Aristide promised at the end of the meeting to help, financially, these victims face certain medical fees. President Aristide also promised to provide economic assistance to persons who were victims during the military coup d'etat.

It should be noted that the victims took the opportunity to denounce the slowness of the judicial apparatus. They also promised to cooperate with the justice department and, in this sense, a committee should be set up, a committee [words indistinct] to help the Haitian Justice Department, to allow the Justice Department to have all the information relating to certain crimes perpetrated during the period of coup d'etat.

Apart from this meeting, we had the reaction of President Aristide vis-a-vis this decision made by the U.S. Congress that threatens to block the aid to Haiti within 60 days if the government does not manage to provide clear explanations to the congress on... [pauses] notably, explanations regarding the death of Attorney Mireille Durocher Bertin and other crimes that have occurred in Haiti these last months. Let us listen to the reaction of President Aristide.

[Begin Aristide recording, in Creole] We are a sovereign, independent, free, and autonomous country. All that you see.... [break in transmission] [end recording]

[Kettely] We have lost communication with Rothschild. Well, we will have the entire statement at the next news bulletin or at the next newscast.

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Aristide Reaction To 'Threats' From 'Republicans'

PA2809000695 Port-au-Prince Radio Metropole in French 1800 GMT 27 Sep 95

[FBIS Translated Text] President of the Republic Jean-Bertrand Aristide reacted this Wednesday [27 September] to the threats of the Republicans of the U.S. Congress to cut of U.S. aid to Haiti. The president of the Republic of Haiti asserted that the Haitian authorities will do everything possible to prevent the termination of aid to Haiti.

[Begin recording, in Creole] [Aristide] We are a sovereign, independent, free, and automous country. We do all that we deem it good to do in accordance with our country's laws without forgetting that at the same time we are living in the world. So, there is a geopolitical reality that links us to the other countries. We have heard, but while hearing, we keep doing all that we deem good in our country in a sovereign manner.

[Francois] But nevertheless, it is $90 million that is at stake. (?They have threatened to cut the aid to Haiti for the next fiscal year) and have asked the government to take specific measures. Have initiatives begun being taken in this sense?

[Aristide] We will take all initiatives we deem good for our country in a sovereign manner. [end recording]

That was a statement by President of the Republic Jean-Bertrand Aristide.

Jamaica

Plant Imports From Grenada, Trinidad Banned

FL2709161395 Bridgetown CANA in English 1507 GMT 27 Sep 95

[FBIS Transcribed Text] Kingston, Jamaica, Sept 27, CANA - Jamaica is prohibiting the importation of all plants, planting materials, plant parts and fruits and vegetables from Grenada and Trinidad and Tobago following reports of hibiscus mealy bug (pink mealy bug) infestation in those countries.

A statement from the Agriculture Ministry said no import permits would be issued by the plant quarantine division for the two Caribbean Community (Caricom) member countries.

In addition, imports are being restricted from other countries where "unconfirmed" reports of the pest's presence have been made.

Incoming passengers from all Caribbean countries will not be able to take into the country any plants, planting materials, fruits or vegetables as "these can be a source of introducing the pest into Jamaica" the minister announced.

More than 125 plant species are reported to be susceptible to the mealy bug.

The agriculture ministry also said the bug can eliminate from the landscape the presence of the hibiscus, sorrel and okra.

In addition it can seriously reduce the productivity of a range of crops including tomato, sweet and hot peppers, cucumber, pumpkin, watermellon, lettuce, cabbage, dasheen, papaya, avocado, citrus, breadfruit, mango, cocoa, ornamental crops and forest plants.

Trinidad and Tobago

Paper Notes Police Inquiry Request

FL2709163395 Bridgetown CANA in English 1440 GMT 27 Sep 95

[All quotation marks as received]

[FBIS Transcribed Text] Port of Spain, Trinidad, Sept 27, CANA - Following is the text of the editorial in Wednesday's [27 September] TRINIDAD GUARDIAN newspaper:

"A number of officers of the Multi Optional Police Section (MOPS) have added their collective voice to the call for an independent inquiry into the killing of the Jamaat al Muslimeen member, Muhammed Abdul Aziz on August 30.

In doing so, they have joined with the Law Association which welcomed the inquiry the police themselves are carrying out. But the lawyers in their statement argued that the fact of such an inquiry added credibility to the suggestion there was some cause for concern about the incident.

Indeed, public disquiet about who exactly is responsible for Aziz's death and the shooting incident surrounding it was reflected in a recent poll in the SUNDAY GUARDIAN which recorded mixed views but showed that a substantial minority more than 30 percent believed the police were involved.

It would be easy to be diverted by talk of a death squad in the Police Service targeting certain people, especially the Jamaat al Muslimeen as a result of their blowing up of Police Headquarters during the July 1990 coup attempt.

Prime Minister Manning denied in Parliament any knowledge of a death squad and Police Commissioner Jules Bernard has emphasised that the MOPS officers

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report to him contrary to what was alleged by the Opposition in Parliament.

But a non governmental organisation, the Coalition of Social Justice and Human Rights in response to this declaration said it was, "not satisfied with a simple denial of official state involvement in police executions."

This group referred to among others the killing in December by the Crime Supression Unit of Anthony "Lizard" Bridgelal, wanted by the police for a series of crimes and who had succeeded in evading capture for a long time.

Now the MOPS officers who spoke to a GUARDIAN reporter on Monday have put forward the point of view there would be a general feeling the police were biased if the in house probe now being carried out should conclude that they had nothing to do with Aziz's death.

These officers say they believe that for the removal of all doubt of police involvement an independent group should carry out the investigation.

It is at the same time unfortunate the country has lost faith in the credibility of commission of inquiry, especially since the failure of the probe into the circumstances surrounding the over crowding at the National Stadium for the World Cup match between Trinidad and Tobago and the United States six years ago.

A costly exercise has turned out to be a total waste of time and energy and has given commissions of inquiry a bad name.

If, therefore the government accepts the call of MOPS and the lawyers for an official and independent inquiry into the August 30 incident it should insist that any commission appointed for the purpose should work towards a specific deadline for submission of its report."

New Radio Station With Indian Format Launched

FL2709121995 Bridgetown CANA in English 2123 GMT 26 Sep 95

[FBIS Transcribed Text] Port-of-Spain, Trinidad, Sept. 26, CANA — The third radio station in Trinidad and Tobago to be totally devoted to an East Indian format, was launched on Tuesday [26 September] by the Trinidad Broadcasting Company (TBC). "We intend to reach out to the Indian community which is a segment of the market that has been growing tremendously over the past several years," said TBC Chairman, Alwin Chow at the launch of Sangeet (music) Radio 106 FM. "With the advent of Sangeet 106 FM, we now have a wide range of services which we can provide to all our listening and advertising [words indistinct] for the adult contemporary market and now the Indian music market," said Chow of the TBC family.

The birth of the company's fourth station was made possible when TBC took over the 106 FM frequency from the Caribbean Communications Network (CCN) a few weeks ago. The frequency was then occupied by Prime Radio, which according to recent media surveys, was struggling to compete with the country's other ten stations. Leading the pack however, is another FM station, dedicated to Indian culture - WABC 103 FM, which holds the title as the most listened to radio station in the twin republic.

General Manager of TBC, Grenfell Kissoon, however dismissed any fears of exposing Sangeet Radio 106 FM to the competition on the frequency band here. He said that in a liberalised electronic media environment niche marketing was inevitable and argued, "there is room for all". He was also confident that with sound technology and professional staff, Sangeet Radio 106 FM had the potential to become the leader in its field.

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Attorney General: U.S. Extradition Denial 'Absurd'

PA2709153595 Mexico City XEW Television Network in Spanish 0430 GMT 27 Sep 95

[Interview with Attorney General Antonio Lozano by Jacobo Zabludovsky; place not given; from the "24 Hours" newscast — live]

[FBIS Translated Text] [Zabludovsky] Mr. Attorney General, yesterday, for the second time, a New Jersey judge denied the extradiction of Mr. Mario Ruiz Massieu. What is going on? What will happen now?

[Lozano] Don Jacobo, I would first like to say that this decision is, in my opinion, absurd and inadmissible, because the judge himself stated in the resolution he issued yesterday that the prosecutor's office [fiscalia] demonstrated that the Attorney General's Office handed funds to Mr. Ruiz Massieu. It was also demonstrated that this person spent virtually all those funds.

The judge noted that the evidence about the use of these funds made available to Ruiz Massieu was not duly backed up. He, however, pointed out that there is no direct evidence on how those funds were spent. For this reason his ruling is inadmissible, because the first three elements in fact demonstrate probable responsibility in Mexican law, and for the purposes of extradiction, also demonstrated probable cause, which is the term used in the United States. The fourth element mentioned is absolutely inconceivable, because the prosecutor's office [fiscalia], which is representing Mexico in the United States, cannot bear the burden of proving how the funds available to this man were spent, given that only very dubious receipts backed less than 5 percent of them. The judge acknowledged that the money was disbursed, that it was spent, and that there is no proof of how it was spent, and thus, these factors constitute the probable cause that was needed to grant extradiction.

[Zabludovsky] Mr. Attorney General, you will try once again, for a third time, to get Mr. Ruiz Massieu extradited to Mexico. What legal grounds will you claim?

[Lozano] A request filed by the Mexican Government, that the U.S. Government has made its own, is pending, it is being processed. It pertains to the first extradiction request filed for crimes against the administration of justice. This request, as you know, is currently being reviewed, and the prosecutor's office should present its conclusions this week, specifically on 29 September. Another resolution will follow.

[Zabludovsky] Sir, some have said in Mexico that you should have sought advice from a law office practicing in New Jersey. Was that done?

[Lozano] Our legal adviser in the United States is the Department of Justice. Through the Department the Justice, the prosecutor presents his case before the judge. Thus, in this regard, I think that the Mexican and U.S. Governments have defined the origin of these requests. [sentence as heard] I think that additional advice from a legal office, as you can see, is not indispensable. The Department of Justice is in charge of this request. The Mexican Government and the prosecutor's office showed with absolute clarity the admissibility of extradiction before Judge Hedges.

[Zabludovsky] The judge, however, denied extradiction. If you are also denied the extradiction of Mr. Ruiz Massieu on a third attempt, would the matter end there?

[Lozano] No, I would like to remind the viewers and you that we presented a motion against the jurisdiction of Judge Hedges. This motion would have to be examined by Judge Hedges superiors within the U.S. Judicial Branch to determine whether it is admissible. If so, this matter would have to be reviewed. I insist, Don Jacobo, that his ruling is admissible for us and the Department of State.

[Zabludovsky] Mr. Attorney General, would you like to add anything?

[Lozano] No, Don Jacobo, thank you very much for this interview and the opportunity to explain, as clearly as possible, the current situation. We think that the Mexican Government and the U.S. Department of Justice are acting lawfully and are providing sufficient elements to support this extradiction.

Senate Approves Zedillo Visit to U.S.

PA2709171595 Mexico City NOTIMEX in Spanish 2005 GMT 26 Sep 95

[FBIS Translated Text] Mexico City, 26 Sep (NOTIMEX) — Today the Senate of the Republic granted President Ernesto Zedillo permission to make on official state visit to the United States from 9 to 13 October to tighten bilateral relations and friendship ties.

By a unanimous vote of 112 yeas, the Chamber of Senators approved the presidential request presented today before a plenary session.

In his request, Zedillo explained that this visit will help promote Mexico's interests before its main economic and trading partner and to strengthen friendship and cooperation ties with that country.

He added that strengthening national sovereignty and security is a top priority and the main goal of the country's foreign policy, and in view of the strategic importance that the United States has, Mexico is determined

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to build a relationship characterized by a respectful, fair, and mutually beneficial treatment.

Meetings between the chiefs of state and top officials of the two governments are part of this effort to forge a "new understanding" to articulate and promote Mexico's interests in that nation, Zedillo pointed out.

He noted that his visit will take place at a relevant time of their bilateral relations and represents a propitious opportunity to inform about the efforts that the people and government of Mexico are making to solve problems that worry Mexicans most.

President Zedillo said that the visit calls for direct, frank, and smooth communications with President William Clinton on the main issues of the relationship between the two countries.

I will also convey an objective and updated message to the U.S. Administration and Congress, to the business and financial community, and to the media about the results achieved by our efforts to solve the main problems facing Mexico, he added.

Zedillo stated that another goal is to highlight the richness and diversity of the agenda between the two countries and the progress achieved in multiple areas of their bilateral cooperation, including the financial crisis, migration, drug trafficking, and border issues.

The president said he will also convey Mexico's strong commitment to protect the human and labor rights of migratory workers regardless of their legal situation.

"I plan to highlight Mexican recognition for the undeniable contributions that our fellow citizens have made to the economic and cultural development of that country," the president added.

Congress Criticizes Approval of Helms-Burton Bill

PA2809011495 Mexico City NOTIMEX in Spanish 0330 GMT 27 Sep 95

[FBIS Translated Text] Mexico City, 26 Sep (NOTIMEX) — The Mexican Senate and Chamber of Deputies on 26 September criticized the U.S. House of Representatives' approval of a bill intending to broaden the embargo on Cuba.

On 26 September, the Mexican Senate deplored the 21 September House of Representatives' approval of the bill "Law for the Democratic Liberation and Solidarity in Cuba."

In a point of the agreement the coordinators of three legislative factions signed, the Senate stressed the basic principles of the Mexican foreign policies of no intervention and peoples' self-determination. "That law is unacceptable because its objective is to enforce internal norms beyond their borders," the resolution states.

The legislators pointed out that, given the pluralism that characterizes the Mexican Senate, they believe the law contravenes such international guidelines as the Declaration on International Rights Principles.

On 26 September also, the Chamber of Deputies favored the end of the economic blockade on Cuba, condemned the Helms-Burton Bill, and urged the Foreign Relations Secretariat to reaffirm the respect on international law and the states' sovereignty.

The four political parties represented at the Chamber of Deputies signed the resolution.

Augusto Gomez Villanueva, Foreign Relations Commission president and deputy of the ruling Institutional Revolutionary Party, affirmed that Mexico places its right as a nation to self-determination at the core of its relations.

National Action Party Deputy Tarcisio Navarrete demanded new foreign relations that will take the lead in the region; will promote not only a commercial opening, but also a political opening; and that will not remain silent to violations committed by dictatorial governments.

Ana Lilia Cepeda, Party of the Democratic Revolution deputy, urged a change in foreign policies "that will be guided by state reasons and the pluralism on and defense of the rights of the most defenseless peoples."

Labor Party's Alberto Anaya demanded stronger positions on what he described as charges by the U.S. Government against our country and urged to strengthen ties with Latin American representatives.

PRI Planning To Change Economic Model

95CA0403A Mexico City REFORMA in Spanish 21 Sep 95

[Article by Patricia Sotelo and Rosa Maria Mendez — received via Internet]

[FBIS Translated Text] The PRI [Institutional Revolutionary Party] is working on a plan to change the present economic model and lay the foundations to avoid a new economic crisis like the one last December, the party's secretary general, Juan S. Millan, reported yesterday.

Interviewed in the party's national headquarters, the PRI leader said that the plan's fundamental objective will be to reactivate production and create jobs.

"(Even though) we can not yet release the plan's details, it will include all sectors, it will entail a recovery of

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our production capacity, and it will focus on medium-, small-, and very small-sized businesses, the ones which provide most of the jobs in this country," he explained.

Though he did not give any further details of the plan, Millan added that it will seek to correct some of the government's economic policies in order to avert a recurrence of the crisis.

The plan, he reported, will be completed shortly, since the new PRI leadership has been working on it intensively since taking office. The document is being prepared independently of the government, as it was felt that all the parties have an obligation to present plans to deal with citizens' demands.

When asked whether, after the criticisms PRI legislators have made of the government's economic policy, the PRI is prepared to reject presidential proposals, Millan answered that this does not mean there will be a clash with federal officials.

"We have no reason to take a position of confrontation with the government, which is in office because of our party," he said, "but we are making it very clear that we will be presenting plans to deal with the citizens' demands."

Union representatives and CTM [Confederation of Mexican Workers] deputies said that the government should abandon its neoliberal policies, since they have not functioned positively for the workers.

Deputy Abelardo Carrillo Zavala said that the economic model applied in Mexico needs to be examined, as its results have not been positive.

He said that at the end of last year there were expectations of an improved distribution of wealth, but that instead there was a very severe crisis which forced Ernesto Zedillo's government to take measures that have hurt the working classes even more.

"I believe many Mexicans are waiting for the situation to be corrected or for better management of our country's financial and economic policies, for this crisis has gone on too long," he said.

Members of the Labor Congress said that one of the most devastating effects of Mexico's economic crisis has been unemployment and declining wages, which have been severe in the last ten years.

Retired Military Officers Seek PRI Sector Status

95CA0402A Mexico City REFORMA in Spanish 23 Sep 95

[Article by Guadalupe Irizar — received via Internet]

[FBIS Translated Text] Leaders of the PRI's [Institutional Revolutionary Party] Revolutionary Unity, made up of retired military officers, yesterday asked Santiago Onate to reconsider forming a military sector within that party.

The national president of the political party declined to comment on the matter and asked that they wait until the national assembly reaches a decision.

In 1938, when the then National Revolutionary Party changed its name to the Party of the Mexican Revolution, the military was recognized as a fourth sector, along with the worker, peasant, and popular sectors.

Two years later, on 10 December 1940, when Antonio I. Villalobos was head of the party, the military sector disappeared from the structure.

At the event held yesterday in the Presidents Hall at PRI headquarters, General Ramon Mota Sanchez, Luis D. Alvear Gandara, and Roberto Morales, all leaders of different associations within Revolutionary Unity, demanded a greater presence in the party based on their historic ties to it.

"We find ourselves now, Mr. President, in an actual process of proselytism aimed at retired military officers and those in other situations beyond active duty in the Armed Forces, and also aimed at civilians who are sympathetic to our organization and our ideology," stated Mota.

Roberto Morales asked that Revolutionary Unity be made a sector of the party. Alvear Gandara, leader of the Gabriel Leiva Solana Revolutionary Political Association, joined in the request.

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El Salvador

Calderon Sol Addresses UN General Assembly

PA2709165495 San Salvador Radio and Television Networks in Spanish 0200 GMT 26 Sep 95

[Address by President Armando Calderon Sol to the 50th Session Period of the UN General Assembly — live]

[FBIS Translated Text] Mr. President, Mr. Secretary General, Mr. Delegates: May my first words at this major assembly be to express to you Mr. President, our sincerest compliance with your election to conduct the proceedings of the 50th Session of the UN General Assembly. We are sure that with your qualities of statesmanship and diplomatic talents we will be able to accomplish highly positive results that will benefit the international community, especially during the relevant period that is framed as part of the commemoration of the 50th anniversary of the United Nations.

Likewise we would like to congratulate His Excellency Mr. Amara Essy, foreign minister of the Ivory Coast Republic, for his excellent accomplishment as president of the 49th session period.

We believe the time is ripe and propitious to highlight the extraordinary and untiring efforts of Secretary General Dr. Butrus Butrus-Ghali at the head of the United Nations. He has given evidence of great leadership, energy, and innovation to improve and strengthen the organization's ability to implement dispositions contained in its charter, and efforts undertaken to find solutions to all the diverse and complex situations the organization has had to confront. We reiterate to the Secretary General our special acknowledgment for his continuous support to the process of consolidation of peace and the advancement of democracy in El Salvador.

Mr. President, the present session period is particularly significant in the historical development of the United Nations, not only because we are commemorating the 50th anniversary since the activation of an exceptional universal mechanism aimed at analyzing, debating, as well as searching for solutions to problems of common interest to mankind, but also because the present situation is ripe for us to reflect on the future of our organization.

As a matter of fact, we are being presented with an extraordinary opportunity to reaffirm our commitment and our political disposition to strengthen the organization's role, improve its efficiency in fulfilling the ideals that activated it, making the goals of nations become a reality, and preserve the right of future generations to live in peace, progress, and liberty.

Most certainly, this is a year of reflection. One that allows us to carefully assess half a century of evaluation and experiences accumulated in handling the world's affairs through joint efforts and collective actions that have also taken into account not only the successes attained but also the shortcomings so that we can ponder on how to improve this human undertaking.

The mission of the United Nations, as part of an international system established after the World War II, reflected the hostility that characterized an era of international relations during the Cold War period that generated tensions and insecurities among nations. It also gave way to a frantic arms race, and the threat of a nuclear conflict between the super powers.

Without any doubt, this was an essential element that conditioned and limited the organization's effectivity. In assessing the organization's effectiveness, we must acknowledge that since 1945, despite the existence of the Cold War, the organization has been able to accomplish tremendous objectives. Among these we can mention its pacification mission, the maintenance of peace, providing international security by preventing localized conflicts from spreading, and at the same time serving as an escape valve to east-west tensions that prevented the ideological-political conflict from deteriorating into a generalized controversy or a nuclear war.

A decolonization process began and many nations of Asia, Africa, and some of the American continent, secured their independence and joined the community of nations enhancing our organization.

The United Nations has also contributed to international cooperation. It created an institutional infrastructure to promote the economic and social development of our nations. It did it by organizing a new international economic order oriented at generating better conditions and opportunities for the developing countries, thus initiating a process to reduce the huge lack of equilibrium between the North and the South.

While these efforts helped alleviate the social conditions of the poorest countries and those that had recently gained their independence, certain attitudes and positions led to a development crisis in the 1980's and as a result of this, the United Nations' activities in the less developed countries were reduced.

In the field of human rights much progress has been made since the Human Rights Declaration was signed on 10 December 1948. International instruments were applied, declarations were made, and institutional action plans and mechanisms were adopted to promote and supervise international commitments of the states.

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This included advancement of women, rights of children, of the handicapped, of minorities, of the Indians, of migratory workers, and, especially, the struggle to eliminate racial discrimination in South Africa, which fortunately ended in 1994 with the installation of a democratic and multiracial system.

In the field of international law, important progress was made in the process for elaborating and coding international norms, especially those that promote friendly relations among nations and the peaceful solution of controversies.

Mr. President: The momentous changes in the international order that led to the end of the Cold War are generating hopes that better conditions for promoting peace, cooperation, and international security will be created.

The fact is that these aspirations have not been secured and international changes have released long-repressed forces and this has resulted in new conflicts and rivalries not only because of nationalist sentiments but also because of grave ethnic, religious, social, and cultural differences and the ensuing situation has endangered international peace and security.

We are convinced that international policies face new demands that are generated by old and new challenges whose solution are beyond the capabilities of one state or group of states. These new demands have increasingly led to an alliance of efforts and actions that because of their own dynamics, have increased the tasks and responsibilities of the United Nations.

This is why we must decidedly support the United Nations so that it fulfills not only its political functions, but also its economic and social functions, especially because of the innovations and new positions on how to maintain peace and development.

Regarding world pacification efforts, it is important to note the new extent of the peace-keeping operations, actions that go beyond the military aspect. Right now these operations include multidisciplinary functions that include the political, economic, social, and humanitarian aspects.

Regarding development, we celebrate the fact that more attention is being paid to economic, social, and environmental problems. Understanding that solutions imply confronting the causes of tension, instability, and conflicts derived from these problems; trying to resolve this with fortified political will because this attention can reach beyond the states' border and act in favor of a common attitude because this is the only way that peace, security, and democracy can be consolidated at both the national and international level.

One evidence of the interest there is in improving well-being and in contributing to the progress of nations is the important summit meetings that have taken place and the preparations by the secretary general of a development program. These are efforts that represent examples of a new global, coherent, and unified vision to produce an agreement on policies and strategies capable of promoting sustainable human development.

We are concerned, nevertheless, over assertions by the donor community on the depletion of funds for development, a situation that goes against the development expectations of our people.

Mr. President: Today's United Nations have different and more complex responsibilities that the organization had during the bipolar era. Despite the fact that the purposes and principles that inspired it continue in effect, the political realities and the complexity and size of the challenges that it faces require clear and innovative solutions, different from traditional ones.

In the face of these challenges, we must be both decisive and prudent, adopting the determination to become participants of change, taking advantage of the positive experiences, and replacing obsolete practices that prevent a better UN action.

We believe that the modernization of our organization should be made through an overall process that reflects a consensus based on common interests and responsibilities shared by the international community. We believe that a more dynamic and coordinated relationship needs to be established between the General Assembly, the Security Council, and the Economic and Social Council, which as the secretary general says, requires the determination and full participation of all member states.

Industrialized countries have a special role to play as they have the capability of resources to give the organization a broad and secure financial base, which will allow it to improve its efficiency in all areas. In this regard, we call on the heads of state and governments of the G-7 to make true their declaration of intent that emerged from their 11th economic summit held in Halifax, Canada in July 1995, in order to start-up — together with the remaining countries — a new strategy of international cooperation in order to face the challenges of the 21st century.

This process of change includes reforms to the Security Council. We support the idea that the Security Council should be adapted to the new international structure, not only as to the number of members, but also to do with its decisionmaking methods and procedures.

The Salvadoran Government supports increasing the number of Security Council members in a rational

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manner, which would make it more representative, and thus allow greater participation opportunities to all member states, without reducing the efficiency of the tasks assigned to this important organization by its Charter.

We also support all those nations, which with a legitimate right, wish to become UN members by invoking the principle of universality, as expressed in the UN Charter, without taking into account ideological aspects, or the interests of states that wield greater political clout.

Along these same lines, we share the ideas expressed by you, Mr. President, when you stated in your inaugural address before this great assembly that the United Nations should ensure that all states that are still not members, can hope to be admitted in the near future.

Mr. President, I now want to refer to some specific issues relevant to international policies. On the issue of nuclear disarmament, we support the faithful compliance of the Nuclear Nonproliferation Treaty, which was indefinitely extended in May 1995. We are convinced that this constitutes a momentous step for strengthening controls of nuclear non-proliferation and the total elimination of these arms.

We are totally convinced that preventive diplomacy, in its various aspects, is the appropriate instrument for the dissuasion and limitation of potential conflicts. To this end we give our solidarity with the secretary general when he stated in his last report to this assembly that it is better to prevent conflicts than undertake military-political actions after they have broken out. We also support your efforts so that the United Nations can undertake a constructive and timely role to prevent or lessen the destructive effects derived from crises.

Mr. President, I wish to indicate a regional point of view. We can say with satisfaction that Central America has gone from a period of confrontation to a period of consultations. We have entered a stage of positive relations that have allowed us to make progress toward the consolidation of regional peace, freedom, democracy, and development.

This new stage is the result of our decision to assume with a firm commitment our historic responsibility before the legitimate aspirations of our peoples, who have demanded peace and the democratization of our societies. We achieved those objectives with the help and solidarity of the United Nations and the international community. Our objectives will be reached once the Guatemalan peace process is concluded with a firm and lasting peace agreement, which has the firm support of our governments.

Now that we have made significant progress in the political field, we are concentrating our efforts in the social field as an important measure because we are convinced that peace, democracy, and development are essential elements for the human advancement.

In view of this undeniable reality, the Central American presidents have continued to meet to exchange ideas and experiences so that together we can face the increasingly complex challenges that have emerged as a result of the globalization process of political, economic, social, and environmental aspects that have characterized the new world order. Proof of this has been the signing of the Social Integration Treaty during the summit held earlier this year in San Salvador.

Moreover, we are pleased to inform this forum that in the last 12 months we have held high-level meetings in Guacimo, Costa Rica; Masaya, Nicaragua; Tegucigalpa, Honduras; and San Salvador, the capital of my country where we made extremely important decisions for the future of our peoples. We have outlined our priorities in a new regional agenda, which has materialized in the signing of the Alliance for Sustainable Development, which represents a strategy and concerted effort of interests, responsibilities, and harmonization of rights with an emphasis being made on investments in the social field based on the recognition that human beings are the center and subject of development.

The objectives of the new development strategy are broad and of a magnitude that surpasses that capabilities and resources of our countries. We believe that the international community should contribute to its materialization. In this context we have assigned a primary importance to the strengthening of the Central American Integration System, SICA, as a renovated organization of our nations, which as taken on the primary task of promoting the new Central American agenda. In this line of thought, we have called upon this assembly to grant it the observer status we have requested.

We can say, Mr. President, that Central America has entered a new historic phase, characterized by a progressive cooperation among our countries, which is being reflected in the efforts to create the conditions to overcome the obstacles that have hurt the integration cause so much. We want to make firm progress toward the unification of Central America. In this regard, we are very pleased with the recent progress made in the Honduras-El Salvador Binational Commission for the fulfillment of the border demarcation, thereby simultaneously guaranteeing the rights of the residents of the border regions.

Mr. President, in the specific case of my country, we can categorically say that more than three years after

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the signing of the peace agreements, El Salvador has evolved in a positive manner and the government's commitment is firm in its decision to carry out all the necessary efforts for the construction of a new, modern, democratic, and participatory El Salvador, that can incorporate without any discrimination, all sectors of Salvadoran society.

After more than a year in government, we are pleased to point out that my government is fulfilling the promises contained in my inaugural speech, which I delivered to the Salvadoran people on 1 July 1994, by fulfilling the peace agreements. These agreements are considered the commitment of our nation as a whole and an essential condition for a one-way trip in the construction of social peace. In the transition period from war to peace and to national reconstruction, we have taken on the task of consolidating the peace process, convinced that this is a duty all Salvadorans must share with responsibility.

This task not only entails resolving the immediate problems that stemmed from 12 years of war but also providing an overall solution to the nation's problems, as this is the only way we can ensure the irreversible nature of the peace process and face future challenges in a society that is stable and in peace.

With regard to the pending commitments contained in the Peace Accords, we acknowledged in a realist fashion and with a constructive spirit that there have been difficulties and consequent delays in abiding by some of them, as a result of the very complex nature of the process. They have been overcome through dialogue and consensus among the sectors in charge of implementing them. This has allowed us, with the assistance of the UN peace mission in El Salvador, to change the established timetables and agree on a working program to finalize these commitments.

We can say that we are implementing the agreements with responsibility. If by 31 October, some of them are still pending, owing to logistical problems, we remain committed to implement them, and we would ask the UN secretary general to grant an extension to the reduced UN mission in El Salvador.

Mr. President, our responsibility as government goes beyond fulfilling the accords, as we have to provide an overall solution to the nation's problems. Consequently, and aware that the lack of opportunities in society leads to frustration and despair, causing tensions and conflicts that jeopardize the peace process, we have made complementary efforts to implement an ambitious economic plan for social development. Our aim is to raise the welfare of individuals, reduce poverty systematically, and give priority to health and education, as well as to promote productive employment and, in general, meet the basic needs of the people, mainly from the most vulnerable sectors, which have been habitually left on the sidelines of economic and social progress.

We are pleased to report that our government has granted top priority to maintaining macroeconomic stability through the implementation of a coherent package of monetary, exchange, and fiscal policies that have been translated into achievements on specific economic objectives, such as maintaining a stable exchange rate, curbing inflation, eliminating the fiscal deficit, as well as reducing and reorienting public spending toward social investment and basic infrastructure.

Our government is wholeheartedly convinced that sustaining economic growth in the medium and long term should rest on an efficient and competitive productive sector, in the domestic and foreign markets. For that reason, we have adopted the necessary economic policy measures. Among these measures, we must mention the program to cut tariffs on imports of capital goods, component materials, and raw materials, the support to improve the Central American Common Market, the creation of instruments that promote and give security to foreign investments, the decisive support to programs aimed at raising the competitiveness of the nation's productive base, the promotion of micro and small businesses, the development of intensive labor training programs, and the implementation of the national environmental strategy as a component of the country's sustainable development.

In order to achieve these objectives, all Salvadorans are dedicated to overcoming mistrusts and antagonisms among the segments of society, something that contributes to foster the necessary conditions for national stability for the sake of consolidating peace and strengthening democracy and economic and social progress.

Mr. President, the successful example of El Salvador clearly demonstrates that when a UN member state acts in good faith, with honesty and political commitment, it succeeds, primarily through the effort of its people and the timely assistance of the international community, in overcoming serious situations of conflict.

Mr. President, El Salvador of today, following the extraordinary peace effort that is still under way, is a country that has learned great historical lessons, the most important being that it has common destiny within its internal society, and that all major tasks are shared in the international community. Based on those truths, the challenge before all of us is to build a more humane world for the benefit of the current and future generation. Thank you.

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Calderon Sol on 'Black Shadow' Gang, Electoral Reforms

PA2709204195 San Salvador LA PRENSA GRAFICA in Spanish 25 Sep 95 p 3A

[Report by Oscar Tenorio]

[FBIS Translated Text] Salvadoran President Armando Calderon Sol has condemned the resurgence of the "Black Shadow" vigilante group claiming that its activities represent a hazard to the Salvadoran state of law.

Calderon Sol disclosed that he has already relayed "precise instructions" to the National Civilian Police (PNC) and the Ministry of Public Security so that they do whatever is necessary with the objective of eliminating that type of clandestine group.

"It is not possible for their activities to continue unpunished because it will imperil the state of law, and democracy in El Salvador," the president pointed out prior to his trip to the United States where he will be presenting a report on the country's situation before the UN General Assembly.

The "Black Shadow" vigilante organization reappeared this past Friday [22 September] and murdered four young men, all of them allegedly well-known criminals, in the communities of San Pablo and Quezada in San Miguel.

Many believed the "Black Shadow" had been dismantled, after the PNC arrested 16 alleged members of the clandestine organization in July. Among the arrested were one businessman, one money exchanger, and various policemen.

Electoral Reforms

Calderon Sol also referred to the controversy triggered by the electoral reforms and stressed that those reforms will be studied in the coming days. He noted, however, that first certain disparities of a technical-legal nature in the document have to be corrected. The document was drafted by a special committee.

The reforms aimed at the creation of a National Civil Registry was scheduled to be approved on 14 September during a Legislative Assembly plenary session, but this did not occur. For that reason, at the beginning of last week various opposition deputies threatened to carry out a "parliamentary strike," alleging that the government is trying to obstruct the reforms.

"We are aware that the country cannot continue with archaic documents. In this sense, we are promulgating a single civil registry," Calderon Sol said.

Notwithstanding the warnings, the opposition deputies attended the latest plenary session on Thursday, but indicated that they will continue to apply pressure tactics, especially by voting against issues that the government and ARENA [Nationalist Republican Alliance] support.

Regarding charges made by various opposition leaders that mid-level PNC members are assigned to former members of the Armed Forces, Calderon Sol stressed that the PNC does not respond to personal interests. "There are no former members of the security corps or the FMLN [Farabundo Marti National Liberation Front] in the PNC. The PNC members are accountable to the institution," Calderon Sol said.

Guatemala

De Leon Reacts to U.S. Decision To Refuse Officers Visas

PA2809044195 Guatemala City Teleonce Television in Spanish 0345 GMT 25 Sep 95

[From the "Telepress Newscast"]

[FBIS Translated Text] Authorities commented on President Bill Clinton's proposal to deny visas to enter the United States for certain high-ranking military officers of the Guatemalan Army as well as commanders of the URNG [Guatemalan National Revolutionary Unity] deeming them responsible for multiple human rights violations.

President Ramiro de Leon Carpio and Defense Minister Mario Rene Enriquez said the measure would be a sovereign decision of the United States, which reveals, however, a certain rash behavior by the Clinton administration.

[Begin De Leon recording] It is in principle the sovereign decision of any country. We also have the right to refuse visas for any person, any foreigner according to what we believe the admission of certain foreigners would involve. I believe the measures adopted by the United States are sometimes removed from reality. I believe it is a generalization, and in this case, it is not a definitive decision. It is a decision that must still go to Congress and must be approved there. It is a resolution that does not have legal repercussions yet. However, if it is approved, we believe that drastic, generalized sanctions should be avoided. We say this with respect. It is their right to do it, just as we have every right to refuse admission to any U.S. or European military or civilian citizen. They speak of suspicions. I believe this is generalized and is being done in a rash manner. They are doing it because of suspicions of human rights violations. I sincerely think these

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measures can be adopted when a judicial ruling has been handed down, when someone has been sentenced for a certain crime or has been clearly identified as a human rights violator, for example. To do it for simple suspicions is to act rashly. [end recording]

Warns Clinton on Possible Aid Suspension

PA2809002995 Guatemala City Televisiete Television in Spanish 1900 GMT 26 Sep 95

[From the "Channel Seven News"]

[FBIS Translated Text] The Guatemalan Government has launched an offensive with the Central American region presidents' support to counter eventual economic sanctions from the United States for alleged human rights violations.

President Ramiro De Leon Carpio has revealed he sent his U.S. counterpart, Bill Clinton, a series of notes in which he warns about the danger such a measure represents for the region because it threatens the national peace process.

The U.S. Congress requested the suspension of economic aid to Guatemala and the cancellation of visas to various military officers suspected of violating human rights.

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Argentina

Cavallo Voices Optimism on Economic Reform Drive

MS2809095695 London FINANCIAL TIMES in English 28 Sep 95 p 6

[Report by Quentin Peel incorporating an interview with Argentine Economy Minister Domingo Cavello, in London; date not given: "Argentina's Irrepressible Optimist"]

[FBIS Transcribed Text] Mr Domingo Cavallo, Argentina's economy minister, is an irrepressible optimist. He is convinced that the knock-on effect of Mexico's economic crisis has made his own job of reforming the Argentine economy easier.

He now believes that his economic restructuring plan, launched more than four years ago, will be largely completed within two years.

He is also adamant that, in spite of rumours last month of his impending resignation, he will still be in office to see the reorganisation in place. Up till now he has always spoken of staying in office until 1999, when President Carlos Menem's term is due to expire.

"I expect to be there," Mr Cavallo said in an interview in London, midway through a week-long tour of the world's major financial markets. "Of course I will not resign. At this moment, it is very important that we do not create any doubt in the continuity of our policies."

In spite of his optimism, he admits that the "tequila effect" on the Argentine economy caused a dramatic downturn in Argentina's economic growth, an extraordinary reversal of capital inflows, and a slump in bank deposits.

According to the latest estimates produced by his ministry, gross domestic product fell by 3.7 per cent year-on-year in the second quarter of this year, after positive growth of 3.1 per cent in the first quarter.

Mr Cavallo expects a further decline of 0.4 per cent in the third quarter, before a recovery in the last three months of the year.

As for the capital flight caused by the Mexican crisis, a private sector capital inflow of almost $4bn in the second half of 1994 turned into an outflow of $5.738bn in the first six months of 1995.

Yet bank deposits, which slumped from $44bn at the end of 1994, to under $36.8bn on May 12 this year, have recovered since then, to stand at some $41.4bn by the middle of September.

"We are really very happy with the capacity of our economy to weather very difficult trends in capital flows," Mr Cavallo said.

Exports rose sharply to produce a current account surplus of $857m in the second quarter, against a deficit of $1.8bn in the first quarter, without any devaluation of the currency.

He admits that the biggest problem his government faces is an unemployment rate now standing at 18.6 per cent, compared with just 6 per cent when he launched his economic reforms in April 1991. "But most of the people believe unemployment would have increased more if we had devalued the currency," he said.

Since the economic crisis struck, the Menem government has succeeded in gaining parliamentary approval for a series of labour market reforms, and an amendment to the bankruptcy law, allowing greater labour flexibility.

"In practice, the Mexican crisis speeded up the reforms," Mr Cavallo said.

A new law has been passed facilitating the securitisation of mortgages, to boost the housing market, and social security reforms are also now in effect, which are helping to boost medium and long-term saving.

Mr Cavallo insisted that the rumours of his resignation being demanded by President Menem were entirely wrong. "These are President Menem's policies," he said.

Cavallo Predicts 1 Percent Growth for 1995

PY2709232695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2347 GMT 22 Sep 95

[FBIS Translated Text] The Economy Ministry announced today that the country is expected to grow by 1 percent this year rather than by 3 percent as was previously anticipated. The new estimate is derived from the announcement that the GDP dropped by 0.4 percent during the first half of 1995 compared to a similar period in 1994.

Economic Programming Secretary Juan Llach made the announcement. Llach said the new expected growth figure "is realistic."

During a news conference at the Finance Ministry, Llach said that in order to grow by 1 percent this year the economy must grow at a rate of 4.5 percent during the third quarter considering that there was a drop of 3.7 percent in the second quarter.

Llach said that the economy grew by 3.1 percent during the first quarter, but dropped by 3.7 percent in the second quarter.

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Llach said the almost zero-growth rate during the first semester was "acceptable." He argued that Argentina had to face the consequences of the Mexican crisis and asked people to compare the country's performance with "other countries' experiences."

Llach said that despite the economic slowdown during the first semester the current account deficit totalled only 951 million pesos during this period, a lot less than the deficit of 4.983 billion pesos during the first semester of 1994.

The secretary said the main reason behind the deficit reduction was that Argentina's exports increased significantly and that the economy "reduced its dependence" on foreign investors or savers.

Llach said this indicator dropped from 3.7 percent during the first half of 1994 to 0.3 percent during a similar period in 1995. Domestic saving during this period increased from 16.6 percent to 18.3 percent and investments dropped from 20 percent to 18.6 percent.

Llach said 1 percent economic growth this year was "realistic," adding that in order to end the year with a 1 percent growth rate the economy must grow by 4.5 percent during the third quarter compared to the second quarter, which registered a negative growth rate of 3.7 percent, and by a similar percentage in the fourth quarter compared to the third quarter.

The official said we already have "clear signs" that the economy is recovering and cited industrial production, which is supposedly growing at a rate of nearly 9.5 percent in the third quarter.

According to projections, consumption will drop by 1.7 percent and investments by 7 percent this year compared to 1994.

Llach said "no one can possibly know at this time" how the unemployment rate will evolve. The unemployment rate in May was 18.6 percent.

The secretary said "the survey is still being worked out and all attempts to anticipate results are bound to fail." Llach was referring to newspaper reports indicating that the unemployment rate will grow to more than 20 percent by October, when a new calculation will be made.

Finance Secretary Ricardo Gutierrez, Finance Under Secretary Joaquin Cottani, and Economic Programming Under Secretary Jorge Baldrich also participated in the news conference.

Cavallo: Elimination of Interest Rate Tax 'Beneficial'

PY2709232795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1924 GMT 22 Sep 95

[FBIS Translated Text] Buenos Aires, 22 Sep (NA) — Economy Minister Domingo Cavallo asserted today that the dismantling of trade union-managed health care and social services that receive contributions from trade unions, the state, and businessmen [to which employees affiliated with them must contribute through mandatory deductions from their paychecks] is a measure that "seeks to create new jobs."

The economy minister explained that the elimination of the tax on interest rates — the proceeds of which were earmarked by the government for union-managed health care services — will result in "an overall beneficial effect for all those who want to obtain a bank loan."

Cavallo argued that "the elimination of the interest rate tax will compel banks to lower interest rates."

The Economy Ministry head further stated that the decision to do away with the government contributions to union-managed health care services was made without seeking acquiescence from the General Confederation of Labor because "its decision to call a general strike momentarily suspended talks."

Cavallo insisted on the fact that the new system regulating union-managed health care services will oblige those associations that are unable to provide mandatory medical care "to look for another association to absorb it or to amalgamate with another firm within 60 days." Otherwise, "it will be liquidated, absorbed, or amalgamated at the government's initiative."

The minister nonetheless asserted that the government decided against the privatization of this medical care system because of the competition this new government measure will promote among union-managed health care services, which "have incorporated an element of solidarity between trade unions, which makes them different from private health insurance companies."

Cavallo also dismissed the complaints voiced by Banking Association Chairman Jose Zanola, whose union will stand to lose the most because of the reduction of government and company contributions to the Institute of Banking Social Services (ISSB).

To that effect, the economy minister said that bank employees "will be happier than before because they will have streamlined health and social services, if Zanola organizes them in an appropriate way."

According to Cavallo, Zanola will have to overhaul ISSB to get rid of "its infernal bureaucracy."

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"If he wants to, Zanola will be able to organize from the very start an efficient ISSB that is not overstafted," he said.

Di Tella Interviewed on Argentine-UK Oil Deal

MS2809080895 London ITV Television Network in English 1800 GMT 27 Sep 95

[Interview with Argentine Foreign Minister Guido Di Tella, by presenter Peter Snow; from the "Channel 4 News" broadcast on 27 Sep; Snow in London, di Tella in New York — recorded]

[FBIS Transcribed Text] [Snow] Foreign minister, this agreement is about much more than oil isn't it. In part, it's to win international backing for you eventually to get the Islands back [referring to the Falklands Islands].

[Di Tella] Well I will make a straight connection between the signing and any future project of ours regarding the liberation of the Islands. And I say this because this is what we have signed. Of course I mean that the new mood between Britain and Argentina will improve dramatically as a consequence of this deal. And I think we will be able to discuss matters with mutual trust in the future, that were out of the question in the past. In that sense, in a more defused way, is a way that I would answer complying with the agreement that we have made on how to report this event.

[Snow] Well certainly President Menem talking about his meeting with Mr. Major next month, I mean it sounds very much like the end of the cold war.

[Di Tella] Well, we were not in the midst of a cold war over the last few years, but certainly it's a much warmer relation than what it used to be.

[Snow] When we spoke to President Menem a few months back he said well we would get the islands back, he would get the islands back by the year 2000. Is that realistic?

[Di Tella] Well you know that two years ago it would have been completely unrealistic to say that South Africa would be ruled by the black majority now and it did happen. Maybe one year ago it would have been absurd to think about the possibility of signing that tomorrow takes place between Israel and the Palestine authority. So I mean the most important events in the world are unexpected. And we're expecting an unexpected event.

[Snow] Well talking of the expected. How would you see the steps going now?

[Di Tella] Well we have to make this agreement a success, there's a lot of work to be done. Actual exploration has to take place, fortunately if everything goes well we will find oil, and then we'll start a new stage which will be oil exploitation, this means people coming and going, cooperation in oil [word indistinct] matters...

[Snow interrupting] ...yes but that's oil, but what about the steps about getting the Malvinas back as you would put it?

[Di Tella] Well I think in your time, and I hope in the short time, the islanders and the British will be convinced that what we propose is a much better alternative than the isolated life they are going through now.

[Snow] So you would hope to persuade them basically by good- neighbourliness?

[Di Tella] Yes, that's the essence of our strategy. It's not a mysterious strategy, it's very open and very clear. They call it the charm offensive, I don't know if it's charming or not but this is our strategy.

Government Voices 'Satisfaction'

PY2709190695 Buenos Aires TELAM in Spanish 1600 GMT 27 Sep 95

[FBIS Translated Text] Buenos Aires, 27 Sep (TELAM) — The Foreign Ministry issued a press release today stating that the Argentine Government voices satisfaction over the agreement with the United Kingdom, which "safeguards the Argentine Republic's inalienable rights to the Malvinas Islands, South Georgia Island, South Sandwich Islands."

The text of the communique states that "this agreement will make it possible to maintain the friendly relations existing between both countries at their present high level."

It asserts, moreover, that "it will offer trade opportunities to Argentine companies and contribute to the country's economic prosperity, notably that of the Patagonian region."

The Foreign Ministry declares in the press release that "the accord safeguards the Argentine Republic's inalienable rights" to the Malvinas Islands and their territorial waters.

It underscores that such a safeguard "arises from the text of the joint declaration," adding that "as will be reflected in the implementation of its provisions — and pursuant to what has been agreed upon by both parties — the agreement can in no way be interpreted as an acknowledgement or endorsement of the United Kingdom's stance on sovereignty over the said islands and their territorial waters."

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The communique goes on to say that "thanks to this accord, the Argentine Republic will benefit — without prejudice to its legitimate rights — from the undertakings carried out in the areas under dispute through a temporary modus vivendi."

It points out that this temporary compromise will stand "until both parties settle their dispute through the peaceful means stipulated by international law."

It also indicates that "the benefits to be collected will be commensurate with the exploitation zones or the volume of hydrocarbons extracted."

The Foreign Ministry further states that "pursuant to provisions of paragraph six of the joint declaration, the executive branch will submit to Congress a nondiscriminatory bill to confer rights to domestic and foreign companies operating in the area in question for the benefit of the Argentine Republic."

The press release goes on to say that "the agreement and its implementation do not imply, or can in any way be interpreted as implying, an acceptance of the arrogated right to launch a licensing round for the exploitation of hydrocarbons in the Malvinas Islands' waters."

In concluding, the communique points out that "the executive branch believes it is imperative that Congress lend support to this accord so that the present joint declaration will be fully implemented. Toward that end and goal, the executive branch will submit the corresponding bill to Congress so that the latter may make a decision with regard to considering it."

Di Tella: Terrorist Acts Will Not Affect Foreign Policy

PY2709211195 Buenos Aires TELAM in Spanish 1609 GMT 27 Sep 95

[Report by unidentified correspondent]

[FBIS Translated Text] New York, 27 Sep (TELAM) — Foreign Minister Guido Di Tella today emphasized here that the attacks perpetrated in Buenos Aires against the Israeli Embassy in 1992 and the AMIA [Argentine-Israeli Mutual Association] headquarters in 1994 will not affect Argentine foreign policy.

After meeting a delegation of the Jewish-American Committee, headed by Executive Director David Harris, Di Tella emphasized that the terrorist attacks "will not make our foreign policy change."

The Argentine foreign minister pointed out that the attacks perpetrated in Buenos Aires "have moved me, not only as a minister, but as a friend of the Jewish community and as a democrat."

Di Tella admitted that the Argentine Government "has been utterly frustrated over the negligible progress that has been achieved in the investigations." He noted: "There is only one detainee who does not want to cooperate and who has only been charged with a minor misdemeanor."

Afterwards, the Argentine foreign minister was asked about the seven Lebanese and Brazilian citizens who had been detained in Ciudad del Este (Paraguay), extradited to Argentina, and subsequently released after the courts were unable to prove their involvement in the terrorist attack against the AMIA headquarters.

In this regard, Di Tella noted: "Even though we know that they sympathize with Middle East terrorist movements, we were unable to prove their involvement in the attack." "Nevertheless, we continue to work with the cooperation of Paraguay and Brazil," he said.

The Argentine foreign minister added that, even though Argentina "has less experience in this type of investigation than other developed countries, the Argentine security services keep in touch with Israel's Mosad and other similar organizations in other countries."

Harris pointed out that he was aware of the fact that Foreign Minister Di Tella "is a friend of the Jewish-Argentine community and the Israeli nation."

Harris added: "We always keep in mind a declaration that Di Tella read to us two years ago, in the name of President Carlos Menem, expressing grief over the fact that so many Nazis had sought asylum in Argentina."

Jacobo Kovadloff, the Jewish-American Committee Latin American Affairs adviser, told TELAM that Di Tella had said: "Do not let the terrorists delude themselves: We will not change our foreign policy."

Kovadloff ultimately noted that the Argentine foreign minister has agreed to speak at the Jewish-American Committee's annual meeting scheduled for May 1996.

Bolivia

Government 'Determined' To Capitalize YPFB

PY2709164295 Cochabamba LOS TIEMPOS in Spanish 20 Sep 95 p A2

[FBIS Translated Text] On 19 September, Minister of the Presidency Jose Guillermo Justiniano said that the administration of Gonzalo Sanchez de Lozada is determined to proceed with the capitalization of Bolivian Government Oil Deposits (YPFB) "with or without dialogue with the leaders of opposition political parties."

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Justiniano said there is a law that empowers the executive branch to do just that. He added that the capitalization of YPFB is contemplated in the government program that is currently being implemented.

The minister said: "The capitalization process will continue. There is a law that allows us to go ahead; it is part of the administration's program." The minister added that any dialogue with leaders of opposition parties must be at the technical and political level. These discussions will serve to explain the process or to negotiate it politically.

Justiniano stressed: "The government will attempt, as much as possible, to make political party leaders understand where we are heading. They may or may not share some of the strategic elements of the process, but we will go ahead nonetheless, without a doubt."

His remarks confirm the government position in view of the decision by General Hugo Banzer of the ADN [Nationalist Democratic Action] to oppose the process of capitalizing the state oil company, a position supported by Carlos Palenque, leader of Condepa [Conscience of the Fatherland].

Justiniano said the government has established initial contacts with opposition parties. He added, however, that no date or guidelines on how to start the round of talks has yet been established. Justiniano said: "The issue is not whether we will go ahead with or without talks. Dialogue can result in unanimity, a consensus with most opposition parties, or total opposition, which will leave the ruling coalition alone. These are the three possibilities."

The minister downplayed the importance of the position assumed by opposition political parties, particularly ADN and Condepa, which, among other things, accuse the government of conducting the capitalization process in a way that is not altogether clear, creating suspicions in these two parties and in various groups of society.

Justiniano concluded: "If they believed (in the capitalization process) they would have joined the ruling coalition. The fact that they do not believe in the government is not surprising. If you look at the history of the opposition parties, you will see they have always opposed the government. This is why we are not in the least worried about the problem."

Correction to Ministers Return From U.S.

PY2509221895

The following correction pertains to the item headlined "Ministers Return From U.S. Drug Negotiations," published in the 22 September Latin America DAILY REPORT, page 21.

Page 21, column two, paragraph one, only sentence, make read: ...the North Americans to loosen their purse strings, with the promise to fulfill the eradication goals that.... (rewording for clarity);

Page 21, column two, paragraph two, sentence one, make read: ...will amount to. The numbers are known, but not for publication, he said. (rewording for clarity); and

Page 21, column two, penultimate paragraph, sentence one, make read: ...Duck's uncle, because on the first count not a cent was received, and on the second count only a little more than half of the amount was disbursed. So, even.... (rewording for clarity).

Brazil

Cardoso Interviewed on Foreign Policy

PY2809023895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Sep 95 p A16

[Report by correspondent Reali Junior on an "exclusive" interview with President Fernando Henrique Cardoso "during his recent visit" to Brussels]

[FBIS Translated Text] The United States is and should continue to be a fundamental partner for Brazil. The United States leads a list of four countries — including Argentina, Germany, and Japan — which are considered the new priorities for Brazilian foreign policy. Overcoming past fears, the Brazilian administration no longer has problems publicly stating which are its main international partners, and it has chosen countries which at the turn of the century will be able to offer the indispensable technological conditions for Brazil to achieve its development.

During his recent visit to Brussels, Belgium, President Fernando Henrique Cardoso met with O ESTADO for a conversation that lasted more than 90 minutes in his Conrad Hotel suite. Cardoso said: "We recognize the fact that the United States should be our fundamental partner and the United States also recognizes that it will be difficult to achieve a hemispheric agreement without Brazil." This was the first time since his inauguration that Cardoso has defined his foreign policy options.

Where is Brazil going? What ambitions does it have in terms of more active participation in world forums, and which are the duties and obligations stemming from this new position? To what extent is the concept of a Third World today either current or obsolete? In the opinion of President Cardoso, it has been possible to tell the truth to the public, and to keep no more secrets — not even on sensitive issues such as the missile-launching control

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technology — because Brazil is now ruled by a civilian, democratic regime which acts in perfect coordination with the military, and because as Cardoso himself said: "I am in command of the process."

Brazilian foreign policy has changed not only in terms of priorities, but also in terms of positions. Yet, Cardoso said, the Brazilian Foreign Ministry continues to maintain a certain tradition, and a clearly established and unambiguous line of action, which allows it to enjoy great international credibility. Cardoso believes that the public and Congress itself were sometimes not as interested in the country's foreign affairs as they should. He added, however, that since he became foreign minister early in the Itamar Franco administration he had sought to address those issues more directly.

Today, he said, there are groups in Brazil that are studying international issues. Furthermore, economic development has made it necessary for businessmen to be more alert to these problems, at least from the standpoint of large economic and trade processes. This sense of continuity of our foreign policy does not mean that there have been no major changes.

The first fundamental change for President Cardoso occurred in Brazil's relations with Argentina. In his opinion, this has been the most significant change. He praised the role played by former President Jose Sarney — who is today a senator for the Brazilian Democratic Movement Party of Amapa — as the pioneer of the process of strengthening Brazil's ties not only with Argentina, but with all Latin American countries, by making personal contacts with other presidents, contacts which Cardoso has tried to further.

Cardoso said: "The strengthening of those ties was highly instrumental in preventing us from becoming isolated, keeping us in close touch with Latin American countries, and promoting a strong dialogue with various countries." Another change has been the clear definition of Brazil's partners. The president does not hesitate in stating: "Let it be clear: The United States is our fundamental partner because of its key position."

Little by little, Brazil has overcome the difficulties existing in its relations with the United States that included a broad scope of issues dating back to the military regime and encompassing human rights, access to technology, and sensitive materials. Progress has been made in dealing with these issues. He said: "We are about to sign, possibly in October, an agreement to join the MTCR [Missile Technology Control Regime], an international instrument that controls missile-launching vehicles." All this, he said, can be done because Brazil has mastered the technology to manufacture rocket launchers.

The president considered the above to be another substantive change in Brazilian foreign policy: The transparency now prevailing in its relations and in its informing the public. "Nothing is hidden any more," Cardoso said. He added: "In the case of the missiles, the issue was discussed in scientific, political, and military circles first and then we decided that we should inform the public that we control the rocket-launching technology and that we were willing to accept international commitments."

Cardoso added: "Brazil has stopped running against historical trends; that is, it no longer seeks isolated benefits without fully participating in foreign affairs." He added: "A step in this direction was already taken earlier regarding the nuclear issue through a quadripartite agreement signed with the Vienna-based International Atomic Energy Agency and we are now trying to do the same with the MTCR." Based on these facts and on the recognition that, Cardoso once again defines the type of relations he wants to maintain with the United States and recognizes that the United States should be our main partner. For its part, the United States has recognized that without Brazil it will be difficult to conclude a trade agreement in the continent. He said: "We are necessary partners and vice versa."

In addition to Argentina and the United States being two of its priority partners, Brazil is also choosing partners in Europe and in Asia. In Europe, Cardoso emphasized Brazilian relations with Germany, which he had just visited and where he discussed the agreement that is being negotiated between Mercosur [Common Market of the South] and the EU. In Asia, he emphasized relations with Japan and with China. Cardoso's next scheduled trip is to China, with which Brazil maintains growing technological ties while their respective markets are exchanging glances.

EU experts involved in the agreement being negotiated with Mercosur have admitted that these ties are a strategic option not only for the EU — because it will be very difficult for the EU member countries to maintain the standard of living of their people by 2000 based on the European market alone — but also for the Mercosur member countries, which would thus have an important instrument for guiding their relations with the United States.

Cardoso prefers not to use the word guidance, but considers that this is a clear signal that our policy of moving closer to the United States is not exclusive and that, as long as we have clear relations with Europe, this will facilitate dialogue with the United States. Cardoso said: "The Americans will never attempt to impose

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exclusively hemispheric relations on us because Brazil is an independent country."

The president believes that Itamaraty, the Central Bank (to a lesser extent), and the Armed Forces recruit the country's best administrative human resources, the so-called "leadership elite." Despite having excellent international negotiators, Itamaraty has not always actively engaged in political activities, revealing a sort of timidness, which many people have blamed on the 20 years of authoritarianism.

Cardoso admits that this might be possible, recalling that the fact that Itamaraty has been a very closed organization could have caused this situation to some extent. He said he has done all he can to encourage Itaramaty to more actively engage in debates, because he is convinced that, within some limits, its activities can be much more open. In fact, Itamaraty has undergone changes, as is shown by debates it has sponsored with non-governmental organizations during his trips abroad, such as in a recent trip to Belgium. Up until a very short time ago, such meetings were taboo, but they are now scheduled by Itamaraty itself.

In the opinion of Fernando Henrique Cardoso, Itamaraty has abandoned its "aristocratic" policy of the past, although he agrees that it is necessary to inject into that elite the predisposition to work with more boldness, taking into account that the country is facing world-level challenges. "We can make substantial progress in terms of our presence on the international arena, and we can no longer be in that timid position."

As a matter of fact, Cardoso also advocates a much more active political role by Brazil in the restructuring of the UN Charter. This does not mean that Brazil necessarily has to be a member of the UN Security Council, if for no other reason that because the decision does not depend only on Brazil, because there must be consensus. Moreover, if such a thing happens, it is also necessary to think on our new duties and responsibilities.

For example, a more active engagement in the UN peacekeeping forces entails major expenses. The president, in his meeting with political, entrepreneurial, and military sectors has reiterated that this is not a unilateral decision, and he always asks the following question: "Is Brazil willing to be more actively engaged and to pay for the costs?"

It is true that in Latin America, Brazil's participation has been more consistent. There was Brazilian intervention in the Peruvian- Ecuadoran crisis, and — more recently — Brazil sent 1,100 soldiers to Angola, the largest force it has sent abroad since World War II. It is not only a matter of money, Cardoso noted, because it is also necessary to consider the cost in human lives. "There is a price to be paid for leadership in those areas. It is therefore necessary to consult with the country to ascertain whether it wants to pay the price."

Yet our demands are not limited to the United Nations. The president believes we should more actively engage in the IMF, and this is something possible. Cardoso said he has repeatedly asked the IMF to create new mechanisms to control capital flow, which is not clearly regulated.

Cardoso was one of the first to suggest that Brazil participate in the IMF. He also thinks that now is the moment to reach a decision on this issue. Furthermore, Brazil wants to participate in the OECD, the seat of which is in Paris. "In these modern times, the idea of a Third World belongs to the past and we are no longer embarrassed to say that our main trading partners are the United States, Germany, and Japan."

Brazil, like other large continental countries such as Russia and the United States, tends to pay more attention to its own problems and often seems uninterested in international issues that, nevertheless, affect it directly. This did not occur recently, however, during the wave of protests against France and its nuclear tests in Mururoa. There have been many protests in Brazil at various levels. Not only the president and the government protested the tests, but also all sectors of the country.

The president believes that if a bomb similar to the one the French exploded in the Pacific were exploded in the South Atlantic Ocean, it would provoke reactions similar to the ones witnessed in Australia and New Zealand. "You know that when a ship carrying sensitive material tries to sail along our coast, there is great confusion." In Cardoso's opinion, there is a lot of disapproval over nuclear matters in Brazil. Brazil is becoming sensitive to certain current international issues, such as the environment and human rights. These topics were previously taboo in the country. This shows how much our foreign policy has changed.

There are no comments abroad about the Brazilian foreign debt, but a certain amount of criticism appears in the media and even among foreign investors who are concerned about the security of the capital they invested in the country. This criticism calls for Brazil's implementation of social programs. The president of the Republic said that he is also concerned about the failure to implement social programs, but he added that countries that demand solutions to this problem should help resolve it.

Many investors believe that the huge investments being made in Brazil are helping already, which the president

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agrees with. He points out, however, that everyone knows that this is a long-term project that depends, basically, on economic development. Cardoso says: "The largest program for income distribution in Brazil is the Real Plan. Nobody has done more for the poor than the plan did in these 16 months of economic stabilization, and the people know that." Cardoso thinks that this is one of the consequences and that the other is the current atmosphere of security, which stimulates businessmen to invest and increase the number of jobs in the country.

Within the EU, Latin American experts in Brussels believe that after a phase of accentuated liberalism, it is now time for the continent to rediscover Keynes. In Cardoso's opinion, a man like Keynes is always up-to-date. Cardoso is convinced that whenever employment becomes an obsession, Keynesianism naturally appears.

In Brazil's case, however, the economists are more pragmatic and never, not even in the most liberalist moments, have the main economists in government ever followed the example of former Argentine Economy Minister Martinez de Oz. Never in Brazil has an official publicly proposed the state or the market as an alternative. "Neo-liberalism is not feasible in Brazil because we cannot cease having a state in order to take care of the poor, public investment, and the employment level," President Cardoso said.

According to the president of the Republic, Brazil is currently waiting for investment from its main partners, but this is not enough. The country plans to participate in joint ventures in high technology areas. This is why the country opted to give priority to its relations with the United States, Germany, and Japan. These countries are creating conditions for technological development in the next century.

This is the central aspect of our interests and not only the Keynesian aspect of job creation. Cardoso warns: "This is what has made the so-called real socialism sink. Those who think that they are leftists and still have this perspective are wrong." Cardoso adds: "As in the past when feudalism evolved into capitalism, we are now witnessing fundamental changes that break the governmental superstructure, which was created to be independent. We are thus recommending a profound change in the system of taxes, etc."

Fernando Henrique Cardoso believes that "we are living in a renascent world and experiencing a great moment in the history of mankind, although we still have not realized it." This is why the book that impressed him most in recent times was that of Mikhail Gorbachev. Gorbachev wrote that in face of the nuclear terror and environmental issues it is useless to talk about national states and classes. "This is hard to say, particularly for someone who has had a Marxist formation as he did. But this is reality. It also shows that the world has changed its course."

Lampreia Addresses Trade With U.S., Free Trade Area

PY2709155095 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Sep 95 p A6

[Report by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Excerpt] For the first time in the past 10 years, a Brazilian administration has challenged the U.S. Administration to help find a solution to the Brazilian trade deficit, which during the first half of 1995 alone totaled $1.6 billion, and which is bound to worsen in the future in light of the liberalization of the Brazilian oil, mining, and telecommunications markets, and of Brazilian government purchases. Addressing the Brazil-U.S. Business Council in Washington on 22 September with U.S. Trade Representative Mickey Kantor in attendance, Lampreia warned that "the imbalance existing between the two countries in terms of access to their respective markets is becoming increasingly worse."

Lampreia said that while the expansion of bilateral trade is the main objective of the meetings the two countries are holding to review trade, "such expansion ought to be achieved within a framework of balanced dynamics, and not on the basis of a different pace of increasing exports — which in many cases are provoked by hurdles that we hope to first identify and then remove." [passage omitted covered by previously filed material]

By 1 November, Lampreia and Kantor are scheduled to deliver to Presidents Cardoso and Clinton a joint report containing recommendations to diversify and expand trade. Lampreia said that "the willingness to negotiate and the desire to improve the terms of access to the respective markets must be based on effective, balanced benefits for both parties."

Lampreia gave another warning to the United States, the same one he has been giving since the Denver ministerial meeting in late June, when 34 countries of the Americas outlined a strategy for the creation of the Free Trade Area of the Americas (FTAA): The new bloc will be consolidated only through Mercosur [Common Market of the South] and NAFTA and through a "growing coordination and convergence of several integration agreements in the hemisphere. To this end, we must remain alert to specific positions regarding the approach, pace, and scope of these agreements, in order to avoid the use of simplistic, counterproductive formulas."

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Diplomat Says Kantor 'Satisfied' Over Patent Bill

PY2709161595 Sao Paulo GAZETA MERCANTIL in Portuguese 25 Sep 95 p A6

[Report by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Excerpt] According to a diplomat who attended the talks held by U.S. Trade Representative Mickey Kantor and Brazilian Foreign Minister Luiz Felipe Lampreia in Washington on 22 September, Kantor said he was satisfied at the pace with which the Brazilian Senate is debating the patent bill. The diplomat added that the U.S. Administration official praised the speeches delivered in August by Lampreia and by Israel Vargas, Science and Technology Minister, before the Senate Economic Affairs Committee (CAE). In that speech, Lampreia defended the adoption of the "pipeline" mechanism; that is, the retroactive protection of patents, which is supported by both the U.S. Administration and U.S. laboratories. In Kantor's opinion, the Senate has made progress in its debate of the patent bill.

That is the kind of music the Brazilian administration wants to hear from Washington. It means that there are now better chances for Brazil to be exempted from U.S. trade sanctions in October. On 27 September, the CAE is scheduled to vote on the proposed amendments to, and the controversial issues of, the version recommended by Senator Fernando Bezerra (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte], including one amendment proposing the elimination of the "pipeline" mechanism. The administration is urging the CAE members to approve Bezerra's recommendations.

Kantor again criticized the Brazilian decision to establish import quotas on cars since June and emphasized the significant role played by the auto industry in his country. Kantor noted, however, that Brazil and the United States have already engaged in a modern dialogue, and that any country may sometimes be forced to take similar measures. He took the opportunity to justify the "high tariffs" that are hurting Brazilian exports to the U.S. market. He described these tariffs as being necessary. This is the case with orange juice, for instance.

Kantor has asked for Brazil's support within the WTO for the U.S. safeguard measures against imports of textiles. [passage on unrelated material omitted]

Senate Committee Approves Patent Bill

PY2709192895 Sao Paulo AGENCIA ESTADO in Portuguese 1751 GMT 27 Sep 95

[FBIS Translated Text] Brasilia, 27 Sep (AE) — The Senate Economic Affairs Committee approved, with a few modifications, Senator Fernando Bezerra's (PMDB-RN) [Brazilian Democratic Movement Party-Rio Grande do Norte] patent bill report. Concerning the issuance of patents on living beings, the commission ruled that patents will be issued only if living beings are linked to a specific industrial process and if the microorganims can be genetically modified. The government won a victory on the controversial pipeline issue. The bill, to which supplemental amendments were added, sets forth that no payments will be made on patents issued before approval of this law. The pipeline will apply only to products that are still in the research phase, that have not yet been marketed or that are not about to be marketed anywhere in the world. The bill also guarantees that if a Brazilian laboratory is carrying out research on a product that is similar to a foreign product, the local product will not be harmed.

Government Prioritizes Constitutional Reforms

PY2709034795 Sao Paulo AGENCIA ESTADO in Portuguese 2142 GMT 26 Sep 95

[FBIS Translated Text] Brasilia, 26 Sep (AE) — The federal government has prioritized the constitutional reforms. The goal is to approve this year the extension of the Social Emergency Fund (FSE) until 1999. Parties agree to this, but they want to postpone implementation of the tax reform for one more year. If FSE funds are guaranteed, the tax reform can be postponed. According to information supplied by Sergio Machado (Ceara), Brazilian Social Democratic Party Senate leader, the order of priorities suggested by the government is: the FSE, administrative reform, social security reform, and finally, tax reform.

The FSE must be approved in 1995, so that it might be in force by 1996. FSE regulations authorize the government to incur expenses without the restrictions of budget allocations. Governors want the administrative reform, and have conditioned its approval on the federal government supporting them.

As for the social security reform, the deficit can be maintained until the beginning of 1996. Thereafter, the situation will become aggravated. The tax reform provided for by the constitutional amendment will come into force in 1998. Many of the modifications, like the income tax paid by corporations, needs only a supplemental law, which can be approved at any time.

Governors' 'Unanimous Support' for Reforms Noted

PY2709025495 Sao Paulo AGENCIA ESTADO in Portuguese 2359 GMT 26 Sep 95

[FBIS Translated Text] Brasilia, 26 Sep (AE) — After the meeting at Alvorada Palace on 25 September, the

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government can count on the governors' "unanimous support" for the constitutional reforms and for extending the validity of the Social Emergency Fund (FSE). "The governors reiterated their support for the reforms several times, and said they are confident that states will not lose with the FSE," presidential spokesman Sergio Amaral has said. "There was unanimous support," he remarked.

Amaral added that Finance Minister Pedro Malan suggested a National Accounting Office (TCU) analysis to ascertain whether states will lose revenues through the FSE. "During the meeting, before some governors raised doubts about the FSE impact, the finance minister suggested the TCU participation in the evaluation," Amaral explained. In the government's opinion, Cardoso's arguments were sufficient to convince the governors about the FSE. There is just one pending area of resistance: the losses caused by the tax exemptions proposed by the tax reform. Government experts will estimate the losses to propose compensations.

Trustee Submits Proposal on Economico Bank

PY2609220395 Sao Paulo AGENCIA ESTADO in Portuguese 2214 GMT 25 Sep 95

[By Monica Izaguirre]

[FBIS Translated Text] Brasilia, 25 Sep (AE) — Central Bank [BC] trustee Francisco Sales Barbosa — who intervened in the Economico Bank — today submitted to the Central Bank a plan to rehabilitate the Bahia Bank. The main points of this plan are the reduction of the current Economico Bank structure and the renegotiation of the debt owed to the BC. The central idea is to deliver to the Monteiro Aranha Group — a potential buyer of the Economico Bank — a proposal to turn the bank into a healthy enterprise.

An informal agreement has already been reached with the Monteiro Aranha Group. For this reason, if the BC agrees to the proposal it might be formally made to the group this week.

According to the proposal submitted to the BC, the reduction of the current Economico Bank structure will begin with the sale of all bank-owned shares of nonfinancial enterprises. The timetable establishes that the bank-owned shares of Usiminas [Minas Gerais Iron and Steel Mills], Acominas [Minas Gerais Steel Company], and the Northeastern Participation Company [Companhia Nordeste de Participacoes] (Conepar) must be sold before 30 November.

By selling the 66 percent of Copene shares it owns, the Economic Bank will in practice be transferring its participation in the capital of several enterprises of the Camacari petrochemical center, among them Norquisa [Northeastern Petrochemical Company, Copene].

The expectations are that, with a positive signal from the BC executive board and after formalization of an agreement with the Monteiro Aranha Group, in the next few days it will be possible to advertise the sale of the shares. The process of transferring Economico Bank-owned shares of nonfinancial enterprises will be concluded in February 1996.

The rehabilitation plan also provides for an agreement, not only with the Monteiro Aranha Group for the sale of the Economico Bank. Major creditors of the Bahia Bank, like the social security foundation of the BC (Centrus), should also be among the new shareholders, after transformation of their credits into shares.

Therefore, contrary to what was expected, Centrus will not be able to transform its credits into shares of nonfinancial enterprises. If it wants to, it may transform them into Economico Bank shares. According to the rehabilitation plan, Economico Bank shares in the petrochemical, steel, and tourism enterprises — among others — will be sold through auctions as a strategy to increase their price.

Main Economico Bank stockholder Angelo Calmon de Sa has imposed no conditions on the BC trustee team concerning the sale of the bank and its shares in other enterprises. BC sources informed AGENCIA ESTADO that trustee Francisco Flavio Barbosa has already obtained Calmon de Sa's formal concurrence in selling the bank and its shares.

Agriculture Minister Comments on Funds, Other Issues

PY2709162095 Sao Paulo GAZETA MERCANTIL in Portuguese 13 Sep 95 p 5

[Interview with Brazilian Agriculture Minister Jose Eduardo de Andrade Vieira by Ivanir Jose Bortot; place and date not given]

[FBIS Translated Text] [Bortot] When you were installed at the Agriculture Ministry, the rural producers expected that your political prestige before the president of the Republic, Fernando Henrique Cardoso, would result in important benefits for the area. Do solutions to agricultural problems depend on political prestige, or on the economy?

[Andrade Vieira] The problem affecting the agricultural area is economic; it is more profound. I have very good relations with the president. I have no complaints in this regard, but we have a budgetary problem. It is a real problem. The area is facing a very serious

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crisis. This crisis is based on production costs. It has economic origins and cannot be solved simply on the basis of my will or that of the president. It calls for deep reforms even in the Constitution. We are making, for example, the following proposal: To exempt agricultural export products from the ICMS [Goods and Services Movement Tax] and to limit to 5 percent the presence of these products among those of the basic food basket. There are also problems regarding port costs and the payment of ICMS on transportation. It takes time, however, to solve these problems. The administration wants to reduce these costs, but this will depend on the national Congress.

[Bortot] Was your area prepared to coexist with a stabilized economy, a low inflation rate, and an open economy?

[Andrade Vieira] In the last three years, productivity in the agricultural area has greatly increased. The implementation of the real has brought about some problems that the high inflation rate had hidden. With the stabilization of the currency last year and the establishment of the Real Value Unit (URV), there has been euphoria in the country. There has been more investment but, due to the consequences of a stable currency, i.e., a decrease in profits, many had problems to pay the debts they had contracted. There has also been a problem involving the Reference Interest Rate (TR), which really contributed to an increase in production costs. The farmers have reasons to complain. The situation was already difficult as a result of the drop in profits, and it has worsened because, in addition to the TR cost, the level of interest rates increased greatly. The financial cost made agro-industries reduce their stocks, thus diminishing pressure related to grain purchases. The banking operations were paralyzed by the congressional decision to over-rule the TR and by other factors that made the area's situation worse still. The resolution of these problems, however, was not in our hands.

[Bortot] In this context, our rural producers had to compete with foreign producers, as a result of the administration's decision to reduce import taxes. You have even called for measures to solve this situation. Is the administration planning to adopt measures that will make the agricultural area competitive, and enable us to become most competitive abroad?

[Andrade Vieira] Since I took over the Agriculture Ministry, I have been explaining to the economic team that it is necessary to ensure that Brazilian produce has equal possibilities of competing with imported items. Unfortunately, however, the economic team decided to maintain price stability with regard to agricultural products in order to support the real. I am telling you the truth. Now, however, the economic team has promised to ensure this equality for the 1995-96 crop. If imported products are financed under conditions impossible to duplicate for our own products, their entry into the country will be forbidden. This is what we did regarding rice and corn. In addition, we have demanded that the import price be paid in cash. Products that have other types of subsidies abroad will have to pay import taxes. The least the administration can ensure for our producers is equal conditions. We cannot throw our producers to the "beasts"; we cannot expose them to the unfair competition of imported products.

[Bortot] The current minimum prices are equal to last year's. In practical terms, did the administration fail to include inflationary variations in these prices since the implementation of the Real Plan?

[Andrade Vieira] Some costs, such as the TR, have increased in the last harvest. In addition, agricultural supplies increased from 15 to 20 percent. Producers want the treasury to guarantee a high margin of profit similar to the one producers had during the inflationary regime. This, however, cannot be done anywhere in the world. The treasury does not have resources to support this sort of policy. The minimum prices for this crop take into consideration the current costs. The way to establish these minimum prices, ensures a margin of profit to the producers. To this extent, however, producers must comply with the national productivity level or surpass it. Considering costs, this will ensure producers a margin of profit.

[Bortot] As our agriculture has different production structures, according to the region, the levels of productivity vary a lot. As the area now has to adjust to a stable economy, wouldn't it be necessary, nowadays, to make large investments? Are scarce resources the only problem?

[Andrade Vieira] We have been dividing the country into agricultural regions [zoneamento agricola] in order to obtain information about the quality of the soil country-wide and the amount of rain that falls in each region, in order to orient producers. With the possessing of this data, the producer can improve his production. Some farmers are planting soybean in regions that are inadequate for this type of crop. The distance between the production areas and the consumption centers can only be compensated for with productivity, and many producers can do that.

[Bortot] How can this change in structures, which seeks to improve productivity, be implemented? The adjustment the agricultural area must implement costs money. Research into new technologies also costs

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money. The area claims to be indebted. Where will the required resources come from?

[Andrade Vieira] These adjustments must be done by the producer. Several producers have been complaining about lack of resources. They say they will plant smaller areas and that they will no longer rent land for planting with money obtained from bank loans. These adjustments, however, must be done. The administration does not have resources to meet all the demand for loans. I am not to blame for that, nor is the president of the Republic. It is a consequence of currency stabilization. We are creating alternative sources, such as the rural-63 loan, which is payable in six months. Now, for the first time, we have made the National Supply Company (Conab) buy Rural Producer Certificates [Cedula do Produtor Rural — CPR], as if they were EGF's [Federal Government Loans]. This is a way of making resources available. I admit that despite all that, however, the resources will not be sufficient to meet the producers' demands for planting.

[Bortot] What can be done over the long term?

[Andrade Vieira] Two things can be done over the long term. One is to inject money into the area. Agricultural activity must increase and must be profitable, must really yield profit. No economic activity can subsist without profitability. In addition, it needs to have access to foreign financing. In Brazil, such financing has always been used very little. Use of this type of financing can be expanded. The only economic distortion in Brazil at present results from the interest rates. We must reduce them. I have always criticized high interest rates, and I still do. I would not change my opinion just because I am now a member of the government. I believe interest rates in Brazil are absurd; they inhibit all economic activities.

[Bortot] When can the interest rates drop to an adequate level?

[Andrade Vieira] The economic team has promised to begin reducing them from now on. In my opinion, there have never been reasons for this rate to be so high.

[Bortot] Every country in the world implements subsidies to stimulate production. From the Brazilian viewpoint, what do you think of this issue?

[Andrade Vieira] Agriculture in Brazil pays taxes. In the last few years, we have implemented a policy that subsidized credit and minimum prices. Whenever there was a market problem, Conab had to grant the liquidity of the agricultural production. This is ridiculous. The government does not have the conditions to maintain this sort of policy in force. We are trying to improve the tax situation by exempting agricultural supplies and the basic food basket from paying ICMS, as well as by suspending the payment of this tax on exported products. Regarding subsidies, we must analyze where they should be granted and where they should not. Our policy of subsidizing credit has been allowing some to profit a lot and others to continue not making any profit at all. Subsidies to credit and minimum prices have been functioning as an instrument to concentrate wealth. We must change that. I believe that to solve climatic and social problems, Conab must purchase produce with subsidized prices. This must be a regional policy; it cannot be overall.

[Bortot] The government is already aware that the next crop will be smaller. Will this smaller production have an impact on prices?

[Andrade Vieira] There are signs in the international market that the prices of agricultural products in general will be attractive. I have been informed that the level of general stocks is the lowest in the last 20 years. This applies to wheat, rice, corn, and cotton, as well as to produce that is more commonly found in the international market, even soybean. If there are no soybean stocks and there is no significant decrease in production, there will be an increased consumption as a result of the Asian countries' economic growth. These countries are consuming more soybean by-products by the year. Demand for soybean bran has also been increasing because the raising of animals, such as raising of chickens and pigs in the PRC, has also been increasing.

[Bortot] Considering all that, do you believe producers will have more profits next year?

[Andrade Vieira] I do. Profits will increase as costs decrease, and if Congress agrees to approve the government proposal, taxes will be reduced. There will also be an increase as a result of stable prices — even an increase in the price of agricultural produce, such as soybean and cotton.

[Bortot] Is the government discouraging farmers from planting corn?

[Andrade Vieira] With a minimum price of 6 reals [R] per bag, which is equivalent to almost $7, there is no reason to discourage anyone. This is an exceptionally good price. The cost of planting corn is approximately R4.50. Therefore, the producer has a real profit of 20 percent in six months. This is an extremely attractive profit, but productivity is required. Currently, however, it is not desirable to increase corn production because we have large stocks. There is, nonetheless, a market for corn exports, and Brazil must enter this market. We can

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achieve that by playing in accordance with the market rules.

[Bortot] As the Brazilian's income has been increasing, they are eating more proteins. What is the government planning to do to stimulate the area to offer supplies of this type of food?

[Andrade Vieira] I am doing my best to develop a cattle raising policy that takes into consideration the entire production chain. This has never been done before. I call it the "from semen to steak" on the consumer's dish policy. The moment I am able to implement this policy within the framework of an overall chain, we will obtain a significant profit for the distributor and the producer, although the implementation of this policy will require changes in the processing and distribution areas, as well as changes in beef distribution in large urban centers. This policy calls for the adoption of the animal confinement technique, will result in more jobs, will call for an increased use of agricultural products, and will allow Brazil to export beef at better prices. We want to industrialize the process so that beef can be sent from the frozen meat plants already in uniform cuts with a better quality standard, similar to the process in the United States. There, beef is shipped from the frozen meat plants in small packages with the correct weight and classification. This way, consumers are never cheated.

[Bortot] Since the day you became head of the Agriculture Ministry, you have often been criticized for the problems being experienced by the rural area. One of these problems is lack of initiative in the implementation of the agrarian reform.

[Andrade Vieira] Yes, this can be easily noticed. We have sped up the agrarian reform expropriation measures. The Incra [National Land Reform and Settlement Institute] closed its eyes to cases of land occupation, but we cannot agree to this type of action. I have been insisting that Incra foresee and avoid this sort of action. It is a problem caused by misery, and we must take action in advance, particularly in the case of movements organized in this regard.

[Bortot] What are the government settlement goals?

[Andrade Vieira] President Fernando Henrique Cardoso's goal is to settle 40,000 families this year. In the most recent meeting between President Cardoso and the landless farmers, this number was increased to 50,000. Incra planned to disburse R1.6 billion to finance these settlements. In the past, there were no settlement models. Incra only granted financial support in order to keep the people on their lots of land. We are now organizing meetings with Embrapa [Brazilian Agriculture and Livestock Research Enterprise], Conab, and Incra, in order to establish support activities and thus stimulate production and trade at the settlements. Incra has been disbursing resources to maintain people in some settlements that are already 20 years old. This is ridiculous. This proves that the Incra systems do not function well, but we are changing that.

[Bortot] What are your goals with regard to grain production?

[Andrade Vieira] Our goal for the agriculture area for the next eight years is to produce 150 million tonnes of grains. In 10 years, we hope production will reach 200 million metric tons. This depends on Brazil's economic growth and its income distribution; it does not depend on the agriculture minister.

[Bortot] Producers have been asserting that the Bank of Brazil has not been transferring the resources allocated by the government to the area or sector.

[Andrade Vieira] I have been holding talks with Finance Minister Pedro Malan and showing him the necessity of ensuring that the Bank of Brazil plays an active role in solving this problem. It is a respected credit institution. It has had experience in the agricultural area for a long time. I have noticed, however, that the Bank of Brazil has changed a lot. Currently, it has a much more positive attitude, and seeks to solve problems and meet demand for credit. One month ago, the Bank of Brazil's negative attitude was extensively criticized. This has changed, and the number of complaints has decreased considerably. Therefore, these difficulties have already been overcome.

Official Explains Investment Plan to Rio Entrepreneurs

PY2709135595 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 26 Sep 95

[FBIS Translated Text] Planning and Evaluation Secretary Mauro Marcondes Rodrigues, who met today with Rio de Janeiro entrepreneurs to debate the government's four-year investment plan, said that the private sector will participate in infrastructure projects in Brazil.

Marcondes noted that telecommunications, power, and transportation are the most important areas for the partnership between the private and public sectors.

Marcondes admitted that the private sector's participation in the telecommunications area could reach 50 percent, or in some cases, as in the area of power, 100 percent.

The secretary explained to the entrepreneurs that Congress will vote on the plan at the end of 1995, before

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voting on the budget. He said that, contrary to the allegation by opposition PC do B [Communist Party of Brazil] Deputy Sergio Miranda — who claimed that the bill is unconstitutional — the plan will not be returned to the executive branch.

The plan highlights federal action in Rio de Janeiro, including the port of Sepetiba, a telecommunications center, and the exploitation of natural gas and petroleum in the Campos basin. To foreign investors, this is an indication of a change of mentality, of new possibilities for the state of Rio de Janeiro, which Marcondes referred to as Brazil's mirror before the world.

The four-year plan includes public and private funds totaling approximately 458.9 billion reals, based on estimates that in 1999, the Brazilian economy will have grown by about 19 percent.

Editorial Criticizes Government 'Squandering'

PY2809011495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Sep 95 p A10

[Article by L.A.F and H.G.N.]

[FBIS Translated Text] With finances already tight, Planalto Palace is counting on Congress' approval of the administrative, social security, and tax reforms. This is because the official planners can only see two alternatives to renew the investment flow: To increase the tax burden or to reduce the squandering. In the first case, the tax burden is currently estimated at 30 percent of the GDP, which is over $500 billion.

The few measures that have been implemented up to the present have had very little effect in reducing the squandering. On the contrary. The financial results of the first eight months, the 1995 budget, and the 1996 budget that has been proposed by the executive branch demonstrates that the Brazilian Social Democratic Party has not been able to stop the tendency of the past 10 years, which has been marked by expenditures on personnel, overhead, and debt interest. At the beginning of his administration, President Fernando Henrique Cardoso contracted a researcher to familiarize himself with the operation of German, U.S., French, and Spanish public services. He wanted to implement some of those methods in Brazil.

The study was shelved, and between one thing and another expenditures increased. Former President Sarney, for example, spent an annual average of 4 percent of the GDP during the five years he was in power. Fernando Collor, who carried out a two-year witch hunt in state offices, did not surpass 3 percent. According to pessimistic estimates, the current government could reach 6.24 percent when it closes the 1995 books and 7.85 percent in 1996.

Planning Minister Jose Serra believes that those estimates are higher than what they will actually turn out to be, but at the same time he does not hide the fact that the government is spending too much on government salaries. The treasury has forked out 28.4 billion reals [R] for the salaries of government personnel in the first eight months of this year.

In the area of expenses, which in budget language ranges from the coffee that is served in government offices to the salaries of contract employees and a segment of investments, Cardoso is also at the top of the list. Expenses sucked out R67.71 billion from the public coffers up to the month of August. According to the 1995 budget, expenses this year will amount to R77.4 billion, or 15.5 percent of the GDP. In 1996 this figure will be staggering: One hundred and eleven billion six hundred million reals, or 21.21 percent of the GDP. Due to a series of pirouettes, Sarney spent 5.3 percent and Collor 6.2 percent of the GDP.

Sao Paulo Energy Secretary David Zylbersztajn, one of the main aides of Sao Paulo State Governor Mario Covas, thinks that the federal government's administrative machinery is nearly at a standstill compared to state and municipal governments. "The president has not yet been able to politically organize the administration. He believes that the alliance with the Liberal Front Party is in part responsible for the delay. "Not because of the alliance itself, but because of the different regional interests."

The records of the Integrated Financial Administration System, which is linked to the Finance Ministry, show that at least up until July the government did not administer a large part of the accounts with austerity. For example, the government — despite owning 3 million properties — spent nearly R16 million in rent.

The squandering is not a new phenomenon nor is it the creation of this government. The Transportation Ministry, which pays 100,000 pensioners, has under its jurisdiction autonomous entities such as the National Highway Department, which today operates under contract. Its most important services are provided by contracted enterprises. Even so, the organization has a payroll of 6,000 employees, one third the number of employees of Microsoft, the world's largest manufacturer of computer software.

The Federal Railroad Network has 42,000 employees to maintain a 22,000-km network. That means there are two employees per kilometer of railroad. The government also inherited a history of squandering and

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corruption from the Federal Railroad Network. For example, in 1992 erosion and brush damaged 76 km of railroad of the Candeias-Muritiba section in Bahia State. The enterprise also threw $2.2 million into a project that was never finished: The railroad which was going to link Volta Redonda with Belo Horizonte.

Progress of Space Program Viewed

95SM0497A Sao Paulo ISTOE in Portuguese
9 Aug 95 pp 46-51

[FBIS Translated Text] Brazil is going into space — literally. The trip is more like an obstacle course than anything else, with participants ranging from countries with leading-edge technology to megabusinessmen on the order of Bill Gates, owner of Microsoft. The objective is to dominate the closest region of the cosmos—that strip through which the constellations of communication microsatellites pass. The one who can put his satellites in orbit the fastest will reach the third millennium the soonest and, of course, also earn a lot of money. In this competition, the Complete Brazilian Space Program is in a position to guarantee our country a spot on the podium. The final touches are being put on the Brazilian rocket known as the Satellite Launch Vehicle (VLS). Furthermore, commercial use of the Alcantara Launch Base, our space center in Maranhao, is increasing. NASA, which is responsible for the U.S. space program, launched 33 satellites from Alcantara in 1994 alone. That same NASA is training the man who will symbolize our presence in space. Rio de Janeiro physicist Claudio Egalon, 32 (see the interview [not included]), is very close to becoming the first Brazilian astronaut and obtaining passage on a flight on the U.S. space shuttle. Business will probably pick up even more following the announcement on Wednesday the 2d by Minister of Communications Sergio Motta that before this month is over, President Fernando Henrique Card will sign a decree making it possible to expand the presence of private enterprise in the satellite sector.

The jewel of the space program is the Ecco (Equatorial Constellation Communications) Project, a spectacular plan whose budget of $450 million is being provided by the government and private enterprise. Ecco calls for launching 12 satellites into equatorial orbit to form a ring. The result will be the establishment of a cellular telephone system—with voice and data transmissions—throughout the intertropical region of the planet. Anyone located between Miami and Sao Paulo, for example, will be able to put through a call immediately to a citizen in Malaysia or India, two countries that are interested in joining the project. The nations in that intertropical region contain 40 percent of the world's population and have a combined GDP [gross domestic product] exceeding $2.5 trillion. "Imagine a paramedic on the banks of the Amazon River receiving instructions from professionals at the Clinic Hospital in Sao Paulo on how to treat a patient," says consultant Joao Vaz in Washington. Vaz is president of Brazsat (Brazilian Commercial Satellite Launch Services), a firm that has been exploiting commercial opportunities abroad for our space program.

The interesting thing is that at the start of the program, Brazil timidly chose a small market niche that is now being fought over by the countries that pioneered the conquest of space and the giants of private enterprise. Brazilian scientists specialized in low-orbiting satellites at a time when geostationary satellites were the fashion. The latter have to be carried by huge rockets such as the Russian Proton, the French Ariane, the Chinese Long March, and several U.S. models. They are all able to lift satellites weighing two metric tons into geostationary orbit at the equator. Brazil did not set its goals that high, the reason being a lack of money, know-how, and willingness to compete with such powerful rivals as the United States, the former USSR, and China. Today the entire world is concentrating on low-orbit projects. Even the big powers are being forced to reduce the size of their rockets.

Low-orbiting satellites have become the stars thanks to advances in the field of electronics, where components have become more compact and cheaper. The uses of those minisatellites are almost the same as those of their bigger cousins. Satellite TV transmissions direct to homes equipped with receiving antennas the size of a pizza are now routine. Cellular telephones are spread from Alaska to Antarctica, and the demand does not look like it will be exhausted in the near future. So much so that the richest man in the world, Bill Gates, the top man at Microsoft, has gotten a group of private firms and financial institutions together to place no fewer than 840 satellites in orbit over the next 10 years. The undertaking will require an investment of $9 billion, or six times what the Brazilians have spent on their 30-year-old space program.

The first phase of the so-called Complete Brazilian Space Program should complete its initial cycle within a year, according to the optimists, or a year and a half, according to the conservative view. That cycle began with the establishment of a launch center and a vehicle and satellite tracking station. The main launch base is in Alcantara, Maranhao, 2.5 degrees south of the equator. Tracking is done at the Barreira do Inferno base in Rio Grande do Norte. One of the big advantages of the Brazilian bases is that they are a "matched" pair, something that does not exist anywhere else in the world. The tracking station is near the Atlantic Ocean,

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while the launch base is to the west. That makes it possible to monitor the entire first stage of a rocket launch. This is known as the "elbow advantage," with the north and northeast regions of Brazil forming the said elbow.

Brazil has been dreaming of the stars since 1965. It is true that in the days of the military dictatorship, that dream included the development of ballistic missiles, armed perhaps with atomic bombs. Since the technology for fabricating missiles—or satellite launchers—back in the days of the Cold War was restricted to a few countries, the Brazilians were forced to find their own solutions. Over a 30-year period, the civilian and military governments have invested about $1.5 billion. During that time, the philosophy behind the undertaking has changed considerably. In 1994, the old Brazilian Commission for Space Activities (Cobae) became the Brazilian Space Agency, and its president was a civilian, Luiz Gylvan Meira Filho. Since the scandal involving participation by Brazilian scientists in the project to develop missiles for Iraqi dictator Saddam Husayn in 1991, the space program has been restricted to creating satellite launchers for scientific and commercial purposes.

Satellites

The second segment of the space mission concerns the development and production of satellites, a task coordinated by the National Institute of Space Research (INPE) in Sao Jose dos Campos. Two years ago, Brazil launched a domestically produced microsatellite weighing 64 kilograms into an orbit 764 kilometers high on board a French Ariane rocket for the purpose of collecting environmental data. That satellite is reaching the end of its useful life and is scheduled to be replaced by another satellite in the near future. The Brazilian Space Program is also involved in partnerships with other countries for the purpose of placing new satellites in orbit. One example is the China-Brazil Earth Resources Satellite (CBERS) agreement signed by China and Brazil in July 1988. Under that project, the Chinese are scheduled to launch a Brazilian environmental monitoring satellite from their base in Shanxi on board a "made in China" Long March rocket in 1996 (useful life: two years). A second satellite will follow the same path in 1997.

The real race for space gold began two years ago and will continue fiercely until the year 2000. Analysts in the telecommunications industry claim that by 2003 there will be 164 million subscribers to wireless telephone services in the United States alone. Last year the country had 33.7 million users. The firms (and countries) that achieve a place in the sun within the next few years will dominate the territory. "Brazil has everything it needs to be one of the leaders in this race. Our country has a complete space program—and a launch base in Alcantara offering many advantages," says consultant Joao Vaz. "Launches from Alcantara are from 25 to 30 percent cheaper than those from Cape Canaveral in the United States and Baikonur in Russia. Only Brazil and France, the latter with its base in Kourou, French Guiana, have those advantages," he says in conclusion.

The third segment of the initial cycle of our space program is the most sensitive because it involves the launch vehicle—the rocket. The VLS is in its final phase and is scheduled to carry a satellite into space next year. It has not yet been decided whether that satellite will collect data or be a communications satellite. But launching the VLS will mean that our country is finally dependent solely on its own resources for establishing itself in the commercial space market. The satellite could have made its debut already, but lack of money and the resistance shown by a few countries, especially the United States, slowed the process. The outlook improved when the administration promised to allocate $19 million this year for completion of the VLS.

Espionage

The history of Brazil's presence in space is dotted with cases of espionage, counterespionage, and false information planted in the domestic and foreign press. Those intrigues are fueled by the extreme nervousness that is naturally felt by the handful of countries now dominating rocket launching technology. Those countries do everything they can to keep the know-how from leaving their closed circle and falling into the hands of someone who might, for example, use rockets to launch bombs at the heads of enemies. The nations capable of building satellite launch vehicles or ballistic missiles belong to an exclusive club called the Missile Technology Control Regime (MTCR). Its rules are strict and are aimed at making it difficult to provide other countries with technology and equipment. Brazil swears that it is going to sign the MTCR, but has not yet done so, thus causing goose pimples, chiefly in the United States. "It is necessary for our country to pass legislation enabling the government to control sales of sensitive technology. Only then will Brazil be able to gain access to the MTCR," says Brigadier General Sergio Xavier Ferolla, director of the Ministry of Air's Depede (Research and Development Department) and the man responsible for the VLS project and maintenance of the Alcantara base. "The bill has already been submitted to Congress and will probably be approved by October," he says in conclusion.

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Brazil the Sinner

Even so, there are those who are suspicious of Brazil's intentions. "By absolving Brazil of its sins in the field of missile proliferation and then taking the country into the MTCR at the end of this year, the club is transforming itself into an organization that rewards such practices," says Henry Sokolski, a former U.S. Defense Department official. Currently executive director of the Non-Proliferation Policy Education Center—an NGO [nongovernmental organization] combating arms proliferation—Sokolski was speaking to THE WASHINGTON POST for an article on the alleged purchase of sensitive components that Brazil had reportedly ordered from Russia. The report was given prominent coverage in Brazilian and foreign publications and was mentioned in the U.S. Congress. The article said that "the Russians sold Brazil the technology for carbon fiber, a strong, lightweight material used in rocket engine capsules. Brazil says it wants that foreign technology for its civilian space program. But U.S. officials and authorities linked to the Brazilian space program admit that the Brazilian VLS is capable of carrying a missile armed with warheads."

Besides being in error, the story reveals the ignorance that exists concerning the Brazilian space program. "What Brazil bought from Russia on that occasion was carbon-carbon. Not carbon fiber technology, as the newspaper said. Even so, it should not have frightened anyone, considering that our country has long had 100 percent of the technology required for producing such a component," says consultant Joao Vaz. "We bought carbon-carbon from the Russians only because it was cheaper to do that than produce it in Brazil," Brigadier General Sergio Ferolla claims.

Even purchases of sensitive components by Brazil are not uncommon. In the past, the Brazilian space program has acquired materials from countries such as France (a telemetry system for tracking the satellite), Germany (whose scientists, like Americans and Russians, helped at the beginning of the project), and even the United States. The files of the U.S. Department of Commerce show that the United States has sold carbon fiber to Brazil on several occasions. In at least one of those negotiations, today's pacifist Henry Sokolski was a high-ranking official in the Department of Defense, which evaluated the transaction. There is no record of any protests at the time. In fact, the United States has never been all that hard to please when it comes to selling sensitive materials to countries not belonging to the MTCR. Documents obtained exclusively by ISTOE show dozens of exports of ammonium perchlorate through several U.S. ports to countries such as Taiwan, Israel, and South Korea. Of those, only South Korea has plans for scientific and commercial satellite launching vehicles. And none of the three belongs to the select MTCR club. "The Brazilian Government's negotiation with Russia for supplying certain materials upsets some U.S. officials because it guarantees quicker access to a stage of technology that will cancel our dependence on the United States," says Brigadier General Hugo Piva, reserve. Regarded as the father of the Brazilian space program, Piva fell out of favor with the Americans when his participation in the production of weapons for the Iraqi Government was revealed.

"Today Brazil has sizable difficulties only in connection with the VLS guidance system," says Professor Jordan O'Brian, a former official with the U.S. Space Agency who now works as a consultant to European firms in the field of low-orbiting satellites. "The problem is that because of our refusal to sell components for the Brazilian Space Program, Brazil was forced to develop the entire technology involved in the process. We should have helped the Brazilians. We lost a customer and gained a possible competitor," says O'Brian. He is right. Ammonium perchlorate, for example, is being manufactured by Petrobras and Andrade Gutierrez. "When someone finds Russians willing to show proof that the Brazilians bought sensitive materials in their country, it is a good idea not to take the matter seriously," says an FBI agent who has worked with the Moscow police over the past two years and prefers to remain anonymous. "In Russia people sell anything, including false information. It would not frighten me if they said Brazil had bought a nuclear warhead," he says. In fact, the Mexican newspaper LA RAZON printed this headline in its edition for 24 March: "Brazil Plans To Create Atomic Bomb." According to the article, our country had bought equipment and technology from the Russians. Pure nonsense.

The article in THE WASHINGTON POST also included an interview with Brian Chow of the Rand Corporation, an ultraconservative U.S. consulting firm. He said that the United States should not help countries like Brazil—whose space programs have an inherent military capability—join the MTCR. Chow's credentials for giving his opinion of the Brazilian program were acquired after he published a 1993 study of the subject. The analyst himself admits that his data on the matter dated from the 1980's and that he himself has never visited any of the installations in the industrial pole involved in the Brazilian space project. He lost an opportunity that was recently accepted by both U.S. Vice President Al Gore and Secretary of Defense William Perry. Both men praised the program, and Perry asked that Brazil be admitted to the MTCR club.

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Chow argues that "the Brazilian program makes no sense commercially." Not agreeing with him are the governments of such countries as France, Italy, Argentina, Malaysia, India, China, and the United States itself, which have or soon will have joint projects with Brazil. Last week the U.S. ambassador in Brasilia, Melvyn Levitsky, announced that NASA and the Brazilian Space Agency were close to signing a new agreement covering joint action in the scientific field. The University Space Research Association, an association of universities that was established by the U.S. Academy of Sciences, sent a letter to the Brazilian Space Agency in which it expressed its enthusiasm about working with our researchers on the launching of small Brazilian satellites.

The antipathy that Chow feels toward the PEB [Brazilian Space Program] is explained in the same way by officials in the Brazilian Air Force's intelligence sector. Like THE WASHINGTON POST, Chow reportedly received information sent by John James Gilbride, Jr. (also known as John Gilbraith and Jac [illegible]blished] O'Brian). Gilbride was a spy operating in Brazil and trying to gather data on the Brazilian Space Program, as reported in ISTOE No. 1343.

"The Brazilian Space Program has no enemies," says Brigadier General Ferolla. "What we have are competitors," he explains. That opinion is seconded by consultant Joao Vaz: "The U.S. Government creates obstacles to the sale of components considered sensitive. Following the big cuts in the U.S. space program, some private firms in the United States have now lost a big portion of their field of action in Brazil. What they thought was a good customer has become a competitor who has the advantage of possessing a base like Alcantara," Vaz says in conclusion. In the space race to create a wireless planet, there are no rules: everything from the use of spies and counterintelligence to alliances with enemies comes into play. After all, this is the last big commercial war of the 20th century, and the winners will be those flying in low orbit in the very near future.

Chile

Ministers, Officials on Initial 'Fast Track' Approval

PY2609225195 Santiago EL MERCURIO in Spanish 22 Sep 95 pp A1, A16

[FBIS Translated Excerpt] [Passage omitted] During a joint news conference, Foreign Minister Jose Miguel Insulza and Finance Minister Eduardo Aninat agreed that the approval of the fast track [preceding two words in English] bill during the "mark up" [preceding two words in English] or tentative vote "is a good first step," and reiterated that disagreements between Bill Clinton's administration and the Republican majority do not concern Chile, but rather U.S. domestic problems.

Aninat said: "The problem is the language and the type of 'fast track' being sought, not the communications or signals regarding Chile.

Andres Concha, representative of the Production Development Corporation at the negotiations, said that the businessmen's reading is positive because the approval marks the beginning of the conclusive phase so that the "fast track" is definitely voted on in the next few days.

Although Insulza said that the approved text "is very appropriate," from the viewpoint of what Chile would like the final 'fast track' authorization to be, the Chilean authorities do not rule out the possibility that, since there is no consensus, difficulties in future negotiations may surface, and even in the application of the eventual agreement that will make Chile the fourth NAFTA member. [passage omitted]

Arturo Martinez, vice president of the United Labor Confederation (CUT), said the U.S. decision confirms the apprehensions voiced by the CUT over Chile's joining NAFTA.

Martinez believes that the resolution of the Ways and Means Committee "is a bad sign for Chilean workers and for those concerned about the environment."

He said this is a controversial issue because the CUT believes the treaty must expressly encompass labor and environmental issues, which up to now have only been broached in annex agreements.

Martinez stated: "We had hoped that these issues would be raised in the discussions but it seems that U.S. legislators are only interested in economic issues." [passage omitted]

Aninat has acknowledged that the delay in the "fast track" negotiation process has shortened the negotiation timetables.

He said: "The delays in the fast track negotiations have shortened the timetable of making an announcement by 15 or 30 March 1996. We still have a good six months ahead of us. In view of this, once the fast track negotiations that are still pending are completed, all the parties involved — Canada, Mexico, the United States and Chile — are compelled to intensify, hasten, and expedite their efforts and work day and night on NAFTA negotiations."

Aninat approves President Frei's strategy of not waiting for the results of legislative proceedings, preparing for the exchange of information, and holding technical discussions.

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He also reported that four technical missions headed by negotiator Juan Gabriel Valdes will be leaving for Mexico on 24 September to continue exchanging information and negotiating secondary issues.

He reasserted that there are three areas that will not be discussed until there is substantial progress in all "fast track" negotiation stages: lifting of custom taxes on specific products, copyrights, and investments in financial services. [passage omitted]

Deputy Jaime Orpis (UDI) [Independent Democratic Union] said that although the House Ways and Means Committee took a vote, negotiations may be postponed until 1997 because of the prevailing disagreements among Democrats and Republicans over a common text.

Speaking from Washington DC, he said that this can only be avoided if the two U.S. political parties agree on the "fast track" negotiations, something which he believes is very difficult. He said: "This implies a virtual postponement until 1997 of the resumption of negotiations. Elections are scheduled for next year, and it will be very difficult to achieve an agreement on NAFTA during the elections."

Orpis said that in view of this, he believes that we still do not have a good scenario for the negotiations. He said: "This fact represents a great setback in everything regarding our possibilities to join NAFTA." [passage omitted]

After escorting Chilean Economy Minister Alvaro Garcia, who is visiting Washington, in his different meetings with top-ranking U.S. Commerce Department officials, Chilean Ambassador to Washington John Biehl said: "What happened today in Congress is an expression of the goodwill of Democrats and Republicans to grant Chile the benefit of a "fast track." [passage omitted]

Biehl said: "What happened today is neither a defeat nor a victory. It signifies progress in the negotiations. We are immersed in a process that may extend to December."

Biehl added: "There has been a great rapprochement in the positions upheld by Democrats and Republicans. This will be a very long and difficult process and we will have to be optimistic until the very last day." [passage omitted]

Ambassador Biehl concluded: "What is important for now is that the negotiations are open and that great progress has been made with a great deal of goodwill. This is encouraging."

Further Reaction on Approval

PY2709004795 Santiago EL MERCURIO in Spanish 23 Sep 95 pp A1, A19

[FBIS Translated Excerpt] [Passage omitted] The Chilean Foreign Ministry has stated that Chile is in the position to join NAFTA with or without the annexes on labor and the environment. Foreign Minister Jose Miguel Insulza yesterday reasserted this position which has been backed by various studies, such as the one conducted by experts Fernan Ibanez and Felipe Larrain at the request of the Canadian Embassy.

This study, entitled "Is Chile Prepared to Join NAFTA?" concludes that the environmental legislation approved by the Chilean Congress meets basic NAFTA principles and guidelines on these issues.

The study arrives at the same conclusion regarding labor legislation. It is estimated that it meets the basic principles upheld by the NAFTA Supplementary Labor Agreement and even more so if the Chilean law adapts to ILO regulations. [passage omitted]

Arturo Martinez, vice president of the United Labor Confederation [CUT], regretted the fact that the Ways and Means Committee of the House of Representatives overlooked the environmental and labor issues. He said that because these issues are excluded from the "fast track" [preceding two words in English] the CUT will decide whether it will continue to be a member of the joint committees on NAFTA and the Production Development Forum.

Martinez said: "We are displeased with the casual manner in which the finance and foreign ministers have reacted to the fast track approval in the U.S. Congress."

Martinez said that the approval of the "fast track" should be an issue of concern to Chilean officials, who should not interpret it as an administration foreign policy success." [passage omitted]

In response to the apprehensions expressed by opposition representatives such as Deputy Orpis, Finance Minister Aninat said the fact is that Chile has on hand an approved 25-page "fast track" bill. He said this is still subject to changes but that a House of Representatives committee has already voted on it.

He also stated that US Trade Representative Mickey Kantor has indicated to him that in view of this they now have 7-15 days to negotiate with the Democratic Party to achieve a consensus on the terms both parties want to include in the agreement. As a new element, he said that although the approved bill was the one sponsored by the Republicans, it does include some of the terms requested by Kantor and the Democrats.

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Moreover, Aninat stressed that during the Miami Summit on 4 December, President Bill Clinton solemnly promised the Chilean president that he would make the maximum effort to open NAFTA to Chilean membership.

Aninat said he believes that this promise, the voting on 21 September, and the ensuing negotiations, leave room for progress and negotiations. He added that in view of this, the three NAFTA members have agreed to go ahead with the high-level negotiations scheduled to be held in Mexico on 24 September.

Economy Minister Garcia said that this week he met in Washington with Democratic and Republican legislators; the president of the Democratic Party; representatives from the most important business groups involved in international negotiations, and government officials. He said that during these meetings he perceived a very positive attitude on Chile's joining of NAFTA, an issue that does not generate any opposition in the United States.

Garcia said: "The difficulties experienced in the last few days and those that may come up in the future have little relation to what is happening in Chile. Therefore, we can be cautiously pleased with the course of events which we hope will ultimately lead to Chile's joining of NAFTA." [passage omitted]

Insulza on 'Fast Track' Inclusion in U.S. Budget Bill

PY2709013195 Santiago EL MERCURIO in Spanish 23 Sep 95 p C4

[FBIS Translated Excerpt] The Chilean Foreign Ministry will conduct a diplomatic offensive in the United States to remind U.S. officials of their commitment to get Chile into NAFTA within the context of creating a hemispheric zone without trade barriers by the year 2005.

In this regard, Foreign Minister Jose Miguel Insulza said he will use his visit to New York — where he will represent the government before the UN General Assembly — to hold meetings with U.S. officials such as Secretary of State Warren Christopher. [passage omitted]

Insulza explained that Democrats and Republicans agreed to vote for the "fast track" despite the fact that the Republican congressional majority's version of the bill prevailed — a majority that irritates and affects Bill Clinton's electoral position.

Insulza believes that the incorporation of the "fast track" into a bigger law such as the budget is positive because it is urgent that the U.S. Congress approve that law, as the current one expires on 1 October. This would mean that if everything goes well, the Clinton administration could have, in the near future, the power to negotiate trade agreements, including Chile's entry into NAFTA.

Insulza admitted, however, that the incorporation of this issue into the budget bill can be dangerous, because if there is no agreement and the opposition majority prevails, Congress could approve a law that the government has already said it will veto. By objecting to this budget bill, the authorization to negotiate trade agreements would also be discarded, and Chile's entry into NAFTA would be greatly jeopardized.

He added: "Naturally, all of these things can happen. This is why I believe this is a difficult path; all possibilities must be evaluated."

What happened in the Ways and Means Committee of the House of Representatives was a first step. The project must now be debated in the Rules Committee before it goes to the House plenum. The U.S. Government will continue to negotiate a "fast track" that will accommodate the administration and Clinton's plans for reelection in 1996.

There is also the possibility that during the debate in Congress the budget bill could be separated from other issues, such as the "fast track."

This will have to happen before the bill goes to the Senate.

Begins 'Diplomatic Offensive' on NAFTA

PY2609232995 Santiago EL MERCURIO in Spanish 26 Sep 95 pp A1, A12

[Article by Elia Simeone]

[FBIS Translated Excerpt] New York — Foreign Minister Jose Miguel Insulza said here yesterday that the Chilean Government would be willing to seek with the U.S. Administration an alternative way of negotiating Chile's NAFTA membership.

Issues not related to trade — such as labor and the environment — could be discussed at the same time or at the conclusion of the negotiations.

"If there is a political will, the other issues can be accommodated to reach our objective," said Insulza before representatives of U.S. companies with interests in Latin America and officials of diplomatic missions accredited in New York.

This path would allow President Bill Clinton to overcome the obstacle he would face if the U.S. Congress approves a "clean fast track" [preceding three words in

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English], in other words the power to negotiate international economic agreements without conditions.

In face of the uncertainty regarding the authorization needed by Clinton to negotiate trade agreements and the possibility that, even having a fast track available, he may not use it or would reject it for political and electoral reasons, Foreign Minister Insulza began a diplomatic offensive to ensure Chile's NAFTA membership.

Taking advantage of his presence in New York on the 50th UN General Assembly, Insulza attended a luncheon yesterday organized by the Society of the Americas, the Council of the Americas, and the U.S.-Chilean Chamber of Commerce, where he lectured on Chile's political, economic, and social situation.

Insulza emphasized that Chile can negotiate its entry into NAFTA with or without the clauses on labor and the environment. He pointed out there was a commitment during the Summit of the Americas in Miami last year, where Chile was invited to become the first South American country to join NAFTA, and that an agreement was reached to hold negotiations in 1995.

Insulza said: "Although it may not be pleasant for some of you, I must say that we made a commitment with the United States to negotiate and extend free trade to the hemisphere and we hope it will be achieved.... We are ready, and we hope that the United States is also ready."

This issue worries the government; yesterday Chilean Ambassador John Biehl came from Washington to hold a long meeting with Insulza after the UN daily activities concluded.

The two officials evaluated the situation and the steps to be taken by Chile. As already reported, Biehl is also coordinating a meeting between Insulza and U.S. congressional representatives. For this purpose, Insulza will probably leave tomorrow morning for Washington to hold a breakfast meeting with U.S. congressmen.

Before the Society of the Americas, Insulza was categorical in pointing out that the commitment to negotiate Chile's accession as the fourth NAFTA partner must be fulfilled and that when the issue will be negotiated is also important. He said: "There was an agreement to negotiate with Chile in 1995, an agreement reached at the Summit of the Americas in Miami before the hemispheric community. That is also a political aspect that cannot be ignored." [passage omitted]

Insulza, who reviewed the good development of the Chilean economy, said that Chile continues to face serious problems because it is still a developing country. He said this is why the administration of President Eduardo Frei took on the challenge to defeat poverty in the next few years, and that for this purpose the government action concentrates on social spending, education, labor training, and infrastructure.

Insulza also talked about the challenge to move ahead to bring Chile into the international economic community on the basis of open regionalism as well as at the multilateral level. He also talked about the challenge of security.

Report Views Plan To Reorganize Port Enterprise

PY2109223095

[FBIS Editorial Report] Santiago EL MERCURIO in Spanish on 2 September carries, on pages A1 and A28, a 1,100-word report on a government proposal to "fully reorganize the Port Enterprise of Chile, Emporchi." It proposes a "new model of enterprise, that, without ceasing to be public, will be divided into five subsidiaries that will autonomously administrate a number of ports, but will be subordinate to the Transport Ministry." It also proposes to grant private companies the concession to exploit Emporchi docks and modify the dock workers' contracts.

During the presentation of the project, President Eduardo Frei said that "the port infrastructure requires a comprehensive policy to tackle problems with the future in mind." He also noted that the reform is based on the large investment required "to modernize Emporchi and allow it, with its current 10 ports, to compete with the 22 private ports."

Frei said that the decentralization project "will guarantee the shipping companies and port operators equitable access to the ports and allow the establishment of port fees that truly reflect the costs of services."

The project will allow planning investments that will increase to approximately $7 million per year, and be accompanied by strategic development plans.

The plan to reorganize Emporchi, estimated to have a surplus of 400 employees, is designed to meet the increasing demand for port services, estimated to involve an amount of 50 million tonnes of cargo from now until the year 2000.

Frei noted that "over the past few years, cargo handled in the ports has increased by three-fold, and could increase even more, should the integration projects with other Latin American countries materialize." The president also said that the five subsidiaries — the Northern Port Authority, which will administer the Arica, Iquique, Antofagasta, and Coquimbo ports; the Valparaiso Port

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Authority; the San Antonio Port Authority; the San Vicente-Talcahuano Port Authority; and the Southern Port Authority, in charge of Puerto Montt, Chacabuco, and Punta Arenas ports — will legally represent Emporchi.

Article Views Changing International Role of Ports

PY2109232395

[FBIS Editorial Report] Santiago EL MERCURIO in Spanish on 3 September carries, on pages D19 and D20, a 2,300-word article by Luis Maira, Chilean planning and cooperation minister, on Chile's changing role in the new international scenario and its chance of becoming a port country.

The article begins by quoting President Frei's argument that Chile "has a historical opportunity for its development" due to a series of international, economic, and political factors that must be carefully assessed.

After saying that Chile's "common destiny must be based on a wise recognition of the conditions prevailing in the world and the correct choice of tasks, objectives, and material resources that our national project may involve from now on," Maira says a country's potential is linked to what is happening in the world and that, in order to be efficient, each country must adapt to changing scenarios. He then notes that Chile is gaining importance "due to the impact of technological developments; the expansion of communications; the diversification of productive processes; and, what is more important still and pertinent to the purposes of this commentary, the geographical axes that now define international hegemony."

After noting that world hegemony used to be centered in the Mediterranean and then in the Atlantic, Maira mentions the changes that have led "the vast area encompassing the Pacific to be regarded as the most important area of the planet." This, in his opinion, should prompt a reevaluation of Chile's maritime potential, an important area for the future based on the nation's 4,200-km coastline. In Maira's view, Chile should use the privileged position afforded by its Pacific coast as a "decisive element for the country's future project and the development strategies it intends to implement. The prospects of becoming a port country of the Southern Cone is an important element of this challenge that is linked to a future we must start building with determination."

Continuing on this theme, the minister states that during the past several years, Chile's growth and development strategy has entailed, in part, a growing internationalization, which has become the axis of its economic policy. As a result, Chile's economy is the most open one of the continent but, in order to become more competitive and increase its presence in world markets, Chile needs to better plan its national development strategies.

After listing economic achievements gained, Maira states that Chile has maintained its economic expansion due to the increase of fixed capital investments, and that the country's macroeconomic "achievements allow it to look toward the future with greater confidence." However, he continues, Chile must still decide what sort of society it wants. For this, the government, businessmen, and workers must jointly identify the country's strong and weak points in order to take advantage of the opportunities and dangers to be found in the internationalization process.

"Within this context, the Planning and Cooperation Ministry, together with the Navy Strategic Studies Center, has ordered a determination of Chile's chances for becoming the main port country of the Southern Cone, and policy suggestions that will make this possible."

Maira then says that, in his opinion, a port country entails "an efficient support system for the productive sector, not only at a national level, but involving all the countries of the Southern Cone that, in one way or another, project themselves toward the world, particularly toward the countries of the Pacific." Furthermore, a central element of this concept is a modern port system that will ensure Chile's competitiveness.

The minister continues by stating that turning Chile into a port country "helps realize the materialization of integration corridors with the countries of the Southern Cone," and the possibility of becoming the leading port country of the Southern Cone gives it a significant economic potential that should be taken into account. More concretely, in his words, estimates concerning the expansion of Chilean foreign trade entail additional port facilities, and for this purpose, some $400 million must be invested to increase port capacity and another $400 million used for roads leading to the ports.

Maira concludes by stating that he believes the country will seize the opportunity afforded it by implementing specific policies and initiatives, and that a broad discussion of the subject is important because the government's proposal for the development of a port infrastructure opens new doors for private investment.

The same issue of EL MERCURIO carries, on pages D21 and D22, a 3,000-word report on an address by Chilean Navy Commander Admiral Jorge Martinez Busch to a seminar on discussion and assessment of Chile's potential and possibilities due to its Pacific coastline, its border on the new sea of world trade.

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Martinez initially points out that "the use of the seas, and the concept that this is a natural space for the development and growth of the Chile of the 21st century that we all desire, becomes more feasible if we take into account the increasing international trade in goods and services." He then notes that this is the result of free trade that also contributes to cultural exchange, which, in turn, will improve the living standards of the people.

Martinez, viewing the importance of changes experienced in the relative position of the geographical territory occupied by a state, notes that as the century ends, Chile has gone from being a country on the western border of the Atlantic, of the European world, to a country more in the center, through which the outer side of the development arch in the Pacific is reached. Because of this alone, he believes, Chile's position in the Southern Cone makes it "the natural port of the Southern Cone and, consequently, Europe's corridor to the Asia-Pacific region."

The Navy commander goes on to point out that in view of the aforementioned, he would like to express some viewpoints that may contribute to the challenge of designing Chile's future.

After noting that Chile is located between the Andes mountain range and the Pacific Ocean, which, in his view, is the "outer side of the development arch," Martinez says that most of Chile's exports go to the northern end of this arch, that is, to Japan. He then asserts that Chile borders other countries, with other development processes, that at some point will want to place their products in the Asia-Pacific market. This will mean "not only a constant flow of goods from the West to the East, but also in the other direction." Therefore, "the entire Chilean territory may become a port zone," and this demands a "change of mentality. Chile has ceased to be an island, he adds, and has become a "country serving as a bridge state." The navy commander then asserts that Chile must take advantage of this opportunity to provide services, not necessarily with aggressive initiatives, but "merely by assuming the responsibility each and every one of us has to contribute to national development."

Elaborating on his theme, Martinez poses the question of whether Chile should take advantage of this opportunity by offering services, with all the problems this may entail, or wait to be asked for them, which is also a risk because Chile might find itself subordinated to criteria alien to national interests. After noting that time is a decisive factor, he says that Chile, through a dynamic and flexible process, must become, in the short term, a bridge-port in this part of the continent. For this to happen, the state needs to modernize itself and establish guidelines that will allow a dynamic growth of the business sector. After mentioning the great progress already made in this field, in telecommunications and education, Martinez says that "we intend to continue with this modernization process in the ports field."

The Navy commander goes on to list the deficiencies and shortcomings of the Chilean port system and the gigantic effort necessary in various fronts to turn Chile into a port country of the Southern Cone, taking into account the fact that in the next six to seven years, the amount of cargo moved and handled will be doubled.

Martinez then says that to this end, the government intends to "develop initiatives in three directions: design a new regulatory framework for the sector, create a new port tariffs system, and promote the modernization of Emporchi."

After noting the problems in building a different and necessary transportation system due to the geographical difficulties facing the country, Martinez identifies a series of subsystems that will help in implementing this transportation system. He adds: "In sum, if we agree that Chile can become a port country, and I would add a bridge country, we must organize it as such."

Martinez concludes by stating that developing the idea of a "port country" entails many problems embodying many solutions that demand an active imagination and rational assessment in terms of deciding the extent to which they can be materialized. In his view, however, Chile must remain autonomous, and the idea of becoming a port country should be the result of a fair agreement and not the solution to a problem.

Brazilian Officials Note Interest in Northern Ports

PY2109190295 Santiago EL MERCURIO in Spanish 19 Sep 95 p C7

[Article by Diana Valdivia]

[FBIS Translated Excerpt] Arica — Valdir Raupp de Matos, the governor of the Brazilian State of Rondonia, said upon arriving in this city that his state is interested in using northern Chilean ports as an outlet to the Pacific.

Raupp heads a delegation of more than 50 Brazilian and Bolivian state officials and businessmen. [passage omitted]

The delegation want their exports to Asia to leave through ports of this region and through southern Peruvian ports. They also said their production centers are 1,000 km closer to the Pacific than the Atlantic.

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The delegation includes Luis Tourinho, industry, trade, mines, and energy secretary; Industrial Federation President Miguel de Souza; Federal Deputy Marinha Raupp; Hans Schlink Monasterio, a leader of the private sector; and Bolivian Senator Miguel Majluf.

Uruguayan Foreign, Agriculture Ministers Visiting

PY2109135495 Madrid EFE in Spanish
2132 GMT 20 Sep 95

[FBIS Translated Text] Santiago, 20 Sep (EFE) — Chilean Foreign Minister Jose Miguel Insulza today highlighted the importance of the visit, which begins today, of Uruguayan Foreign Minister Alvaro Ramos, with whom he will evaluate bilateral relations and discuss Chile's interest in becoming a member of Mercosur [Common Market of the South].

The Uruguayan foreign minister arrived today and was met at the airport by Insulza, after which the two held their first working meeting.

Ramos, together with Uruguayan Agriculture Minister Carlos Gasparri, met with Chilean President Eduardo Frei. Insulza decorated Ramos with the Chilean Order of Merit.

Ramos decorated Insulza with the Grand Knight of the Oriental Republic of Uruguay Medal.

During the visit of the two ministers, a Forestry Cooperation Agreement will be signed and the Chilean-Uruguayan Cultural Institute will be dedicated.

On 21 September Ramos will give a conference on Uruguay, Mercosur, and Latin American integration at the seat of the UN Economic Commission for Latin America and the Caribbean.

Economy Minister on Gas Pipeline, Inflation

PY2209171795 Santiago EL MERCURIO in Spanish
17 Sep 95 p B4

[Interview with Economy Minister Alvaro Garcia by Carolina Garcia de la Huerta in Santiago; date not given]

[FBIS Translated Excerpt] [Garcia de la Huerta] On the subject of modernization and competitiveness, and based on a report issued a few days ago, former Ministers [Hernan] Buchi and Carlos Caceres have said the government's rating has dropped...

[Garcia] I think the excessively negative assessment of the government role was very unfair. The government continues to be one of Chile's main competitive advantages. It is 10th in the line while Chile is 20th... [reference scale unknown] the highest marks are for the government and businessmen. Qualitatively speaking, the government is always among the five most efficient countries of the ranking.

[Garcia de la Huerta] Concession for the construction of the gas pipeline have finally been granted. This means the subject is off your hands. What comes next?

[Garcia] The government must still authorize it from the environmental viewpoint. It is extremely positive that the companies voluntarily agreed to carry out research, in compliance with the Environment Commission's criteria, because the project can only begin once these studies have been approved.

[Garcia de la Huerta] How long will this take? Gasgrande wants to start building the pipeline now, before the summer comes...

[Garcia] Well, Gasgrande has said it wants to start before the end of the year. The government must give the authorization 90 or 120 days after receiving the report on the impact it will have on the environment. During the first 30 days it must consult the communities through which the pipeline will pass, and for that the company must disclose the layout of its project.

[Garcia de la Huerta] This means there may be changes in the layout, in the case of Pirque, for example?

[Garcia] Maybe. [passage omitted]

[Garcia de la Huerta] From the economic viewpoint, is there room for two gas pipelines?

[Garcia] It is hard to justify the construction of the number of thermoelectric plants the two consortiums have in mind. The two companies are out to capture different markets and they do not overlap each other 100 percent. About 45 percent of Transgas' market is the industrial field, of which only 25 percent is in the metropolitan region. If the increased power consumption continues to grow — which could happen due to a drop in tariffs — within 6 or 7 years the number of thermoelectric plants the two consortiums are planning may be justified.

[Garcia de la Huerta] Does the government not fear excessive investment in this sector?

[Garcia] That is something the investors must study, and in that sense we have full confidence in the market.

[Garcia de la Huerta] The more energy there is, the lower the price, and the better it is for the people...

[Garcia] Of course, and this is irrespective of whether one or two gas pipelines are built. A drop in tariffs and the construction of more than four thermoelectric plants could occur with just one gas pipeline.

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[Garcia de la Huerta] The problem is that the construction of two gas pipelines harms more than 5 million workers who invested large sums in electricity company shares through pension funds and who lost $1.2 billion in August...

[Garcia] One must admit that the pension fund system has been extremely profitable, with a 13.2 percent profit since it was created, because our stock exchange has grown a lot in the past years and those resources have been properly administrated. If the price of the shares drops now, for one reason or another, measures should be taken to keep workers' funds at a profitable level. But those are private decisions.

[Garcia de la Huerta] The Central Bank has stated that it hopes inflation will be 6.5 percent and growth 6 percent in 1996. What do you think of these figures?

[Garcia] They are in keeping with what the government has estimated and with what has been happening in the country, in the sense that the conditions exist for the economy to grow around 6 percent, which is an adequate goal for the medium term. I also think the country should continue to hope for an improvement in the inflation sphere. The government has still not set its goal for next year but we are convinced it must continue to drop.

[Garcia de la Huerta] The government may have wanted a 7 percent inflation rate for 1996, that is, to continue reducing inflation by one point per year, but the Central Bank established a tighter goal.

[Garcia] Precisely, we thought about reducing inflation by 1 percent per year, but we are not talking about a great difference.

[Garcia de la Huerta] Can the 6.5 percent goal be reached now that the Armed Forces, the Foreign Ministry, the MOP [Public Works Ministry], and teachers and physicians are exerting pressure on the government...

[Garcia] I think 6.5 percent is a tight but feasible goal... If it were my decision, I would have talked about a 6.5 to 7 percent. Right now the government is drafting its budget and the objective of this draft is to continue to reduce inflation, but that is not the only objective.

[Garcia de la Huerta] Unlike the Central Bank?

[Garcia] The Central Bank's tasks are more limited than the government's; the government has many objectives.

[Garcia de la Huerta] Do you think the Central Bank and the government may have different inflation goals?

[Garcia] It is early to say; we are in the middle of drafting the budget... The government's decision is to continue to reduce inflation. One should take into account that private expenditures grow four time as fast as public expenditures, and the expenditures of 10 percent of the richest Chileans surpass by far the expenditure of the entire public sector. Therefore, there are other factors that must be considered when it comes to anti-inflationary goals.

[Garcia de la Huerta] Last time, you announced that the Central Bank was lowering interest rates. Now that private expenditure is so high and the economy is growing at 7 percent, will you announce the increase?

[Garcia] I do not think it is right to increase interest rates... [answer as published]

Growth, Poverty Trends Viewed

95P21090A Santiago LA NACION in Spanish 8 Sep 95 p 5

[Commentary by Oscar Munoz G., Cieplan (Corporation for Latin American Economic Research) economist and member of the Editorial Council: "Per Capita Income and the Poor"]

[FBIS Translated Text] The news that Chile's per capita income had reached more than $4,500 made an impact, and some even thought that the country's dynamism was probably much greater than supposed. In fact, the figure does not add much to what we already know. The spectacular increase over last year simply reflects the appreciation of the peso. What is real and significant is that if it is confirmed that the GNP will increase this year between 6 and 7 percent, real per capita income will increase by about 5 percent. Of course, this income is much higher in dollars, because today a peso buys more dollars than it did last year. From the international point of view, this income makes us more respectable and raises us a few steps in the country rankings. But we continue to be in the same group of what the World Bank calls "high middle-income countries."

It is more interesting to compare this with our own performance. GNP growth of about 7 percent is very good, although we have become accustomed to these results. This shows that the Chilean economy has a vigor many countries would envy. Far from causing stagnation, the adjustment policies implemented in 1993 and 1994 only reduced the dynamism, which was regained as soon as financial conditions were normalized.

What is cause for greater concern are the results of the Casen [Socioeconomic Characterization] survey on poverty and income distribution. The main conclusion is that the drop in the poverty rate was less in the 1992-1994 period than in the previous two years. Many people expected that the rate of decrease would continue, but

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if we analyze the general context of the period, we see that these expectations were not very well-founded. Economic growth in the 1992-1994 period was 10 percent, in comparison to 18 percent for the 1990-1992 period. The high rate of increase for spending in those first years made it obligatory to carry out an adjustment in the 1993-1994 period, and the rate of unemployment increased from 4.9 percent in 1992 to 5.9 percent in 1994. It was unlikely, then, that poverty would continue to decrease at the same rate. Even so, we should not think that the results obtained are so bad, since in spite of these conditions more than 430,000 people succeeded in getting out of poverty.

Another fact that cannot be overlooked is the great economic inequality that affects the population. The gap between the richest decile (10 percent of the population) and the poorest decile increased from a factor of 36 in 1992 to a factor of 40 in 1994. The poorest 10 percent of the population saw their share of income decrease from 1.9 to 1.7 percent. It is probable that this deterioration was influenced by the increase in unemployment and the more difficult conditions in agriculture. In fact, one of the few regions where the number of people below the poverty line increased (from 30.2 percent in 1992 to 34.1 percent in 1994) was the Sixth Region, which is predominantly agricultural.

Some conclusions can be drawn. First, the macroeconomic context continues to be very important in decreasing poverty, especially because of its effect on employment. It is preferable to maintain a stable growth rate rather than progressing with accelerations and adjustments. Cyclical development also contributes to creating a vulnerable population which is greater than that which is in poverty at any given time. This happens because families that in good times get out of poverty and adapt to a better situation fall back into poverty during the adjustment periods, with all the frustrations this implies.

Second, we must continue to fine-tune the focus of the social programs. The poorest decile suffers from the highest unemployment (about 20 percent), especially among the youngest workers.

Third, it is possible that as we make progress in the fight against poverty, it will become more and more difficult to maintain the rate of progress, because we will be running up against what can be called "hard-core" or structural poverty; that is, individuals and families that are caught in the vicious circle of poverty for generations. To remedy this, it is necessary to fine-tune social policies to deal with the problem in all its complexity.

Socialist Party President Comments on Reconciliation

PY2509182395 Santiago LA TERCERA DE LA HORA in Spanish 21 Sep 95 p 8

[Commentary by Socialist Party, PS, President Camilo Escalona: "Difficult Days"]

[FBIS Translated Text] Chileans commemorate Army Glories Day with a military parade on 19 September. Unfortunately, in the past few days we have again witnessed the Army commander's involvement in the discussion of current political issues, in what constitutes truly unusual and unsuitable behavior. Furthermore, the country once again witnessed how the opposition parties' leadership paid tribute to Pinochet. Moreover, we witnessed how a deputy involved in a shameful incident took over the podium during a ceremony that was supposedly being held within the framework of a non-deliberating, professional and apolitical institution.

These are astonishing incidents that undermine a leading institution, none other than the cornerstone of the national defense system. In view of this, we openly ask: Is an explicit alliance between the Army and the right legal? What does the Army gain from it?

This alliance does not contribute to strengthening the institutional mission the state has entrusted to the Army. The Army must fulfill a mission of a truly national nature; consequently, it must not adopt such political behavior. In view of this, the Army's insistence that to criticize such behavior constitutes "harassment" of the Armed Forces is definitely exhausted.

Moreover, the right's apparent unconditional support for the Army is not gratuitous. Vested interests are at stake which seek to commit the military to prolonging the socioeconomic model just as it was left by the dictatorship. A protected democracy will be unable to overcome the gap that divides our national community in two.

We believe that the strict fulfillment of the Armed Forces' professional role will help them shed ideologies. This will allow the Armed Forces to adopt a new mentality which, by leaving them out of a contingent situation, will ultimately help us overcome the traditional differences between the military and civilians.

The key issue is not forgetting with the intention of hiding responsibilities, but to consolidate a democratic state and the professional role of the Armed Forces. The modernization of the Armed Forces entails the strengthening of their structure and restoring respect for military careers, but also a strict respect for civilian officials who base their authority on the principle of

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national sovereignty expressed periodically in well-publicized and free elections. This is the path that will lead us to reconciliation.

RN's Cardemil on Reforms, Human Rights Law

95P21089A Santiago LA NACIÓN in Spanish
11 Sep 95 p 9

[Interview with National Renewal official Alberto Cardemil by Claudia Valle in Santiago; date not given]

[FBIS Translated Text] When analyzing the Frei proposal in the last few days, National Renewal [RN] has had two faces which have said they are representing most of the party's members: Alberto Espina and Alberto Cardemil. While Espina tries to keep to the liberalizing line set forth by the party's leader, Andres Allamand, Cardemil has become a kind of containing wall against "institutional collapse," and as a self-proclaimed "neo-Pinochetist" is trying to compete for a senate seat in Santiago.

In spite of repeated public disagreements, in Cardemil's opinion the conflicts in RN have already been resolved. "The party recovered its direction when it established that the country's real problem is resolving the pending human rights matters. The other issues are the government's goals, and according to President Frei they are not linked together. Therefore, they are going to be studied independently."

[Valle] So what has happened with the constitutional reforms?

[Cardemil] We are going to study them on their merits to see if they fit into the line of improving the 1980 institutional structure or if what they seek is to pull it down and return to the situation in 1925.

[Valle] But the RN Constitutional Studies Commission drew up a report in which it accepted, with some modifications, the government's amendments.

[Cardemil] The legal commission proposes that the 1980 institutional structure is a correct conceptual unity which has allowed the country to make progress and that it is extraordinarily complicated to modify one provision without affecting all the rest.

Based on this, it states that the National Security Council is not an advisory body and that giving it that function would seriously alter the institutional checks and balances. In this regard, the only thing it recommends is to study whether the president of the Chamber of Deputies should be included [in the Council].

As for the Constitutional Court, the Commission establishes a basic principle—it cannot be a political court—and maintains in its recommendation the two representatives from the National Security Council, with some modifications with respect to the Supreme Court representatives, and adds another representative from the Senate.

It comes out openly in support of eliminating the appointed senators and against the draft law on human rights, saying that it goes in the opposite direction from the solution that should be found for the problem.

I want to say that my opinion is against including the president of the Chamber of Deputies in the National Security Council for the same reasons given in the document, because that body cannot be politicized or distorted. I think that some things can be done about the Constitutional Court and the appointed senators.

[Valle] What things?

[Cardemil] For the Constitutional Court, we could study whether to include some Supreme Court representatives, for example, who may be magistrates who will then not continue to perform their functions in the courts of justice. The issue of the appointed senators can be debated and the party will have to decide on its position.

[Valle] And for the National Security Council?

[Cardemil] Nothing, nothing. The report is extraordinarily solid, the reasons it gives are very valuable, and including the president of the Chamber of Deputies would tend to distort its function.

[Valle] In RN there is a sector that supports the constitutional reforms.

[Cardemil] I think there is a sector that is more inclined than I am toward the constitutional reforms. This is a legitimate position, but it will have to be supported by reasons.

[Valle] Then how will the differences in RN be resolved?

[Cardemil] We will see if we have a good law on human rights that will close the cases, apply the amnesty, and establish proper procedures to find out the whereabouts of those who are missing and dead or the missing detainees. When we have that law, we will see if the Coalition [of Parties for Democracy] will give it political support.

[Valle] You will not have a definitive response about the constitutional reforms until you see the result of the draft law on human rights?

[Cardemil] Of course.

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[Valle] There are sectors that accuse you of opposing the government's proposals because of pressure from the military...

[Cardemil] That is stupid; that is lowering the level of the debate. We cannot go back to a legal statute for the Armed Forces like the one that existed between 1933 and 1973, with the Armed Forces relegated within the state to what was practically a civil defense function with a slightly better uniform, with promotions subject to the whims of politics.

[Valle] And subordination to the civilian government...

[Cardemil] That is another phrase. What the president is doing through the reform of the Organic Law of the Armed Forces is not recovering a power, but taking one away from the Chamber of Deputies.

Today any general of the Republic can be accused constitutionally of endangering national security or harming the nation's honor. Ten deputies make the accusation, the Chamber of Deputies passes a resolution, and the Senate decides as the jury.

[Valle] How do you think the right should position itself?

[Cardemil] It must recover the initiative on the real problems. The government has put us against the wall, on its own turf, with its own issues, which are not the people's concerns.

In addition, there is a spiritual issue which has to do with our approach to the Armed Forces and the work of the military government. There is a sensitive area very close to the surface and when it is at stake, it shakes us up.

And in this regard, the Chilean right should not be like the Spanish right, ashamed of the past and anti-Franco. I am closer to the French right that calls itself "neo-Gaullist," and as such has taken power.

In some sense, that is what will bring us closer to the river and the deep current of history. The work of the military government and the figure of General Pinochet will grow with time. My position is closer to a "neo-Pinochetist" than an "anti-Pinochetist."

[Valle] Then what chance is there of becoming independent of the Armed Forces, as some rightist groups want?

[Cardemil] We are totally independent of the Armed Forces.

Civilians Fail To See Espinoza at Prison

PY2709135395 Santiago EL MERCURIO in Spanish 12 Sep 95 p A12

[FBIS Translated Text] A motorcade comprising 14 private vehicles headed for Punta Peuco after a ceremony held at the Military School. It arrived near Punta Peuco at approximately 1345 on 11 September.

The vehicles were escorted by a police patrol and the occupants sounded their horns and waved Chilean flags and placards bearing General Pinochet's picture.

The nearly 40 individuals identified themselves as civilians, and said they wanted to greet and voice their gratitude to former Brigadier Pedro Espinoza.

An unusual contingent of Carabineros in charge of security outside the prison allowed only two of the participants of the motorcade to pass through the police barrier and approach the prison building.

Nearly half an hour later, the two individuals rejoined the group of demonstrators after failing to meet with Espinoza. They said they had not been allowed to enter the prison. They then filled out a form requesting authorization to stage a demonstration outside the prison within five days.

After shouting a number of slogans supporting General Pinochet and Retired General Manuel Contreras, the group left the place without causing any major incidents.

According to Carabineros on duty, Espinoza did not receive visits by any close relatives on 11 September.

Rightist Sector Divided Over Frei's Constitutional Reforms

PY2709225795 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 27 Sep 95

[FBIS Translated Text] The UDI [Independent Democratic Union] has issued one of its most serious ultimatums to the National Renewal Party [RN], warning that the pact between them will end if the RN accepts the constitutional reforms proposed by President Eduardo Frei.

The tense atmosphere within the rightist sector continues to grow. During a meeting with UDI Chairman Jovino Novoa, the UDI bloc members rejected the presidential proposal to amend the Constitution and issued the following ultimatum to the RN:

[Begin recording of Patricio Melero, UDI deputy] If we are unable to reach agreement on this issue it means there is no unity, that no pact is feasible. What there is

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— at least for the time being — is a suspension as long as the RN fails to concretely state its position on this issue. No unity is possible if the RN agrees to a reform of the Constitution. [end recording]

This warning of a division immediately upset the RN, which postponed a disclosure of its definitive position for a few hours.

Meanwhile, the Coalition of Parties for Democracy [CPPD] hopes the rightist sector will support the presidential proposal regarding the democratization process and human rights.

The Christian Democratic Party [PDC] has urged sectors linked to the Armed Forces to refrain from making belligerent statements because, in its opinion, they affect national unity.

The PDC leadership has stated that the country is becoming increasingly irritated over the open intervention in politics by personalities linked to the Armed Forces.

[Begin recording of Alejandro Foxley, PDC chairman] These people are talking more than necessary. They are affecting national unity. They are weakening democracy. They insist on exacerbating feelings of hatred that we thought belonged to the past, and they insist on using a hideous way of speaking, of which the Chilean people are sick. [end recording]

Meanwhile, in view of the differences that have surfaced between the UDI and the RN, the Party for Democracy [PPD] leadership is maintaining that minority sectors are against the presidential proposals.

[Begin recording of Jorge Schaulsohn, PPD chairman] The answer is to isolate those who intend to hinder the reconciliation process. [end recording]

High-ranking CPPD representatives met yesterday afternoon with Interior Minister Carlos Figueroa. They are optimistic over the fate of the reforms because a willingness to reach agreements was sensed during meetings between the government and RN leaders. The CPPD leaders hope this will be the stance the rightist sector will definitely adopt.

Pinochet Says Frei To Choose Successor

PY2809012795 Santiago LA TERCERA DE LA HORA in Spanish 27 Sep 95 p 6

[FBIS Translated Text] Iquique — In an exclusive interview with Radio Bravissima during his visit to this city, Army Commander General Augusto Pinochet said: "I can still serve my country for a long time."

Concerning his eventual role as senator, Pinochet said: "I said a politician should evaluate himself to see whether he is in condition to join an organization as important as the Senate. I am getting old. I am 80 years old, but I believe I am still in condition to serve my country for a long time."

He added: "I am involved in preparing the Army to enter the 21st Century. One should see what can be done to get the Army into the next century in good condition."

Pinochet was asked about his successor and whether the president would appoint the new commander.

Pinochet replied: "The president will have the power to choose one of the five senior officers. He will know who to choose. I will not get involved, but if he asks me I will give my opinion."

Asked if Army Deputy Commander General Guillermo Garin is among the five, Pinochet replied: "Of course, General Garin would not miss that chance."

Asked if Garin would be his successor, Pinochet said: "He could be, I don't know."

Asked if Garin will be one of the candidates, He said: "I just said I am not involved."

Asked how he defines politicians in general, Pinochet said: "I don't form an opinion on politicians because they all get spoiled later."

Regarding democracy, Pinochet said it is working. He added: "I think it is good — of course it is good to go any place you want, to practice any religion, to buy whatever you want, etc."

Asked how democracy should function, he replied: "I told you, I don't make any comparisons."

Pinochet also talked about his love for Iquique by recalling "how affectionate the people of this port are, how pleasant his friends are."

The interview aired by Radio Bravissima was granted to reporter Isaac Sasso, press chief of the radio station.

Cuban Citizen Requests Political Asylum

PY2309030795 Madrid EFE in Spanish 0014 GMT 23 Sep 95

[FBIS Translated Excerpt] Santiago, 22 Sep (EFE) — According to the news agency ORBE today, a Cuban citizen identified as Clemente Elimino Viera Pena, who entered Chile as a tourist on 19 September, has asked national authorities for political asylum.

In a letter addressed to Interior Minister Carlos Figueroa, Viera Pena states that he entered Chilean territory legally with the purpose of making a request for political asylum to the immigration authorities at

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the airport, and that he is now asking the minister for a residence permit in his capacity as refugee.

The Cuban, a professor who is a member of the Communist Party, said he had adopted this decision after belonging to a university professors' union from which several colleagues had been expelled for demanding the democratization of Cuban society and freedom of expression, among other requests.

Viera Pena added that he was on the list of the next members of the union who were about to be expelled from the Cuban Education Ministry, and that even if he were not expelled, "I would not be able to exercise my profession in an honest manner in my own country because I am forced to lie to my students." [passage omitted]

Correction to Central Bank President on State of Economy

PY1809185795

The following correction pertains to the item headlined "Central Bank President Views State of Economy," published in the 18 September Latin America DAILY REPORT, pages 58-60.

Page 58, column two, penultimate paragraph, only sentence, make read: ...the prospects for the end of the year.

In front of.... (rewording for clarity)

Colombia

Gunmen Attack Samper's Lawyer Cacino, Bodyguards

Cacino Seriously Wounded; DAS Agent Killed

PA2709135995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 27 Sep 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] [Announcer] Attention: Antonio Jose Cancino, lawyer of President Ernesto Samper Pizano, was wounded moments ago in a criminal attack near Externado University of Colombia, near 1st Avenue and 14th Street. Gianelda Jaimes has more:

[Jaimes] It was reported that one agent of the DAS [Administrative Department of Security] was killed and two F-2 agents were seriously injured. It was said that Cancino sustained serious wounds and was taken to La Concordia Hospital. This was not a bomb attack but a shoot out. Three men on a motorcycle and a private car were apparently involved.

[Announcer] Antonio Jose Cancino was wounded. A DAS agent was killed and two police agents were wounded. The Caracol network had an appointment with Dr. Antonio Jose Cancino at his office at 0700. He had left Externado University of Colombia and was headed for his office to meet with Caracol journalist Fabio Callejas for an extensive interview scheduled last night. What was the exact site of the attack, Gianelda?

[Jaimes] 1st Street and Circumvalar at about (?0845), according to the Metropolitan Police. We repeat, one DAS agent was killed — apparently one of the bodyguards, and two F-2 agents were wounded — also members of the bodyguard corps. It was said that Antonio Jose Cancino was wounded. Initial reports indicate he is seriously wounded. He was taken to La Concordia Hospital. There is no information about the authors of this attack. We only know a man traveling on a motorcycle and several on a private car were involved. They fired several shots.

[Announcer] Dr. Antonio Jose Cancino, after assuming the defense of President Ernesto Samper Pizano, had reported receiving death threats. The authorities had established special security measures to protect his life.

[Jaimes] The authorities reported that a security cordon was established near the university and also at Circumvalar in an attempt to capture the attackers. There have been no arrests yet. The caliber of the weapons used by these persons has not yet been determined. No organization has claimed responsibility.

[Announcer] The seriousness of the wounds sustained by prestigious criminal lawyer Dr. Antonio Jose Cancino is not yet known. He assisted President Ernesto Samper Pizano yesterday during the president's free and spontaneous statements, which were not taken under oath, before Heyne Mogollon, chairman of the Accusations and Investigations Committee of the Chamber of Representatives for eight hours. [as heard]

Dignity Movement Claims Responsibility

PA2709190095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 27 Sep 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] A group calling itself Movement for the Dignity of Colombia [Movimiento por la Dignidad de Colombia], which according to a telephone call to RCN [Radio Cadena Nacional] is headed by a man who bears the alias of (Laurin), has claimed responsibility for the attack on Antonio Jose Cancino, lawyer of Colombian President Ernesto Samper Pizano.

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According to the report handed to RCN radio, five men waited since 0500 at La Concordia Square for lawyer Cancino, who was at the Externado University of Colombia a few squares from the attack site.

The report presented by a member of this movement stated that this attack involved Israeli-made Galil rifles and added that the homicides escaped the authorities' security cordon.

The man who called RCN said that this movement includes persons accused of actions they did not commit, and he added that its goal is to force President Samper's resignation.

Attention: Five lawyers in charge of Process 8,000 just resigned. It is believed that these lawyers decided to quit due to constant death threats received in the past days.

Government Issues Communique

PA2709181395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1700 GMT 27 Sep 95

["Special bulletin" from the "Colombia 12:30" newscast]

[FBIS Translated Text] We have a last-minute report from the military hospital in Santa Fe de Bogota. We have a communique that was issued by the government in recent hours following a special cabinet meeting held at the presidential palace. The communique reads as follows:

The national government regrets and rejects the attempt against Antonio Jose Cancino. Not only did this attack cause the death of two DAS [Administrative Department of Security] agents who accompanied him, but it also indicates there are sectors that want to prevent the president — as was demonstrated yesterday before the congressional Accusations Committee — from proving his innocence.

It urges the media to be on alert in light of suspicious ploys that seek to create a climate of destabilization within the government and the country.

The president states textually: We will not return to the dark age of terrorism. We will continue acting within the constitutional and legal framework. The government will continue complying with the law and adopting strong measures against those who seek to destabilize the country, the communique says. The president has given specific instructions to the police forces and the DAS to reinforce security measures for Antonio Jose Cancino and all those persons who are currently linked to the action being prepared by the congressional Accusations Committee.

President Samper spoke to the prosecutor general — who is currently abroad — on the telephone and asked him to return immediately to assume control of the Prosecutor General's Office, as there is concern that the statements made by his subordinates might be seized by those who seek to destabilize the country and lead the government into chaos.

Serpa Calls Attack 'Conspiracy'

PA2709191395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 1730 GMT 27 Sept 95

[From the "Colombia 12:30" newscast]

[FBIS Translated Text] [Announcer Mauricio Arroyave] Interior Minister Horacio Serpa was one of the first to arrive this morning at the Central Hospital's main building where Antonio Jose Cancino [lawyer of President Ernesto Samper Pizano] was being cared for. Here are his remarks.

[Begin recording] [Serpa] This is an extremely serious incident. Surely, this was a regrettable attack on Cancino, as an individual, but also on everything he now represents as the president's lawyer. The incident has been handled in an extremely irresponsible manner. What just happened this morning shows that this has evidently gone from mere words to a major conspiracy against Colombia's institutions and the national government.

[First reporter] Who could be interested in that Mr. Minister?

[Second reporter] Who do you think did it?

[Serpa] Those who want to destabilize Colombia, those who do not want this country to be viable, those who want bring down the president, those who have vilified the government, those who want to give the world a distorted image of everything good and everything wholesome Ernesto Samper represents. [end recording]

President To Continue Working

PA2709233195 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2224 GMT 27 Sep 95

[Report by Gilbert Vega]

[FBIS Translated Text] We have a statement made by President Ernesto Samper regarding the violent incidents that took place this morning, the attack on his lawyer, Dr. Antonio Jose Cancino.

The president of the Republic has reiterated what he said in a communique issued this morning and which was read over Emisoras Caracol.

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The president said Colombians do not want any more terrorism in Colombia. He asked people to let him work in peace. He said he will continue working in a confident manner as he has always done until the end of his term.

[Begin Samper recording] The government will act with prudence but also with the necessary strength to guarantee all Colombians that this is not an episode that represents the beginning of a new stage. On the contrary, it is a warning to make us reflect so that we can better handle the information, so that we do not stir up the air, and so that we stop making accusations that could hurt a person's honor. I believe this is a warning, which we Colombians must interpret as a sign of reflection. I am talking about everyone, the government, the media, judges, and prosecutors. [end recording]

That was President Ernesto Samper, who said he hopes the investigation at the Accusations Committee is not delayed. He said he sees no reason for it to be delayed. The statements were made by the president at the end of the meeting held with his Panamanian counterpart, Ernesto Perez Balladares, who had the intention of canceling his visit to Colombia. He spoke to President Ernesto Samper Pizano in the morning after learning of the incidents and the attack on Samper's lawyer, Antonio Jose Cancino. Perez Balladares offered to cancel the visit if Samper wanted it, but the president told him not to worry, that the government would move forward, that the ministers continued to work, that he himself would continue to work, and that he would not stop for such circumstances. That is why Samper received the Panamanian president and the visit proceeded normally.

Hospital: Cancino's Surgery Successful

PA2709220095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2105 GMT 27 Sep 95

[Report by Guillermo Sanchez at the Central Military Hospital in Santa Fe de Bogota — live]

[FBIS Translated Text] The Central Military Hospital has just issued a second communique in connection with the health of Doctor Anton Jose Cancino, President Ernesto Samper Pizano's lawyer, who was the target of an assassination attempt this morning. Here are the statements by Doctor Edgard Martiz Sarmiento, assistant scientific director of the hospital.

[Begin Martiz recording] The Central Military Hospital hereby reports Doctor Antonio Jose Cancino entered the emergency ward today at 0710, after sustaining bullet wounds during an assassination attempt. Dr. Cancino underwent surgery and the following was found: First, one open third-degree fracture of the second metacarpal bone in his right hand. Second, one open incomplete second-degree fracture of the right humerus. Surgical cleansing of his wounds, debridement, osteosynthesis with a t-plate for his second metacarpal bone fracture, and sponge grafts taken from left iliac crest were carried out. His face underwent cleansing, debridement, and suture of secondary injuries caused by glass shards.

It is a pleasure to report to the country through the media that, once those procedures were carried out, Dr. Antonio Jose Cancino is in an excellent general state of health and his recovery process has started. He will remain in our hospital for some days. [end recording]

Dr. Martiz added that surgery lasted approximately two hours and Dr. Cancino will remain in this medical center about five days.

FARC Guerrillas Attack 3 Police Planes, 1 Dead

PA2709193995 Mexico City NOTIMEX in Spanish 1737 GMT 27 Sep 95

[FBIS Translated Text] Santa Fe de Bogota, 27 Sep (NOTIMEX) — Presumed Colombian guerrillas opened fire today on a flotilla of police planes that were spraying coca leaf plantations in southern Colombia, killing one pilot, official sources have reported.

The attack on at least three planes that flew coca leaf plantations, where the raw material of cocaine is grown, took place in a rural area of San Jose de Guaviare Municipality, 700 km from Santa Fe de Bogota, sources stated.

The rebels downed a plane bearing plate no. 276, killing a pilot. A second plane managed to make an emergency landing at the air terminal in Miraflores.

The police reported that the crew of the third plane managed to dodge the shots fired from the ground by the guerrillas, and was able to returned to the air base without any problems.

The authorities attributed the attack to the Revolutionary Armed Forces of Colombia (FARC) that operate in that jungle area.

The Army stated that this guerrilla group protects coca leaf plantations in San Jose del Guaviare in exchange for weapons supplied by local drug traffickers.

More than 20 Colombian police planes, which are involved in the program to eradicate illegal plantations in southern Colombia, have been the target of guerrilla attacks in the past two years.

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Serpa: DEA, U.S. Embassy 'Destabilizing' Samper

PA2709200695 Madrid EFE in Spanish
1858 GMT 27 Sep 95

[FBIS Translated Text] Santa Fe de Bogota, 27 Sep (EFE) — Colombian Interior Minister Horacio Serpa today accused the DEA and the U.S. Embassy in Bogota of destabilizing the government of President Ernesto Samper.

"When asked whether there are interests outside the country seeking to create destabilizing situations, I think that the answer is yes. When asked whether that is the DEA, I say that it sounds very much like it," Serpa made these statement shortly after the presidency denounced, in a communique, that there is "an ongoing conspiracy driven by national and foreign interests."

Serpa assured that "there are high ranking officials at the U.S. Embassy who make all kinds of conjectures and speculations at social gatherings. They wonder whether the president will fall or say that this could happen soon. I think that this is very grave."

The communique of the presidency also accuses officials of the Prosecutor General's Office of Colombia of acting imprudently and of favoring the conspiracy, and thus, it urges Prosecutor General Alfonso Valdivieso to return immediately from the United States to "reassume control personally."

The Prosecutor General's Office is in charge of investigations to determine whether the Cali drug cartel contributed 5 billion pesos (more than $6 million) to Samper's election, as confessed by Santiago Medina, treasurer of his 1994 campaign who was arrested in July.

The charge leveled against the DEA, U.S. Embassy, and officials of the Prosecutor General's Office came a few hours after Samper's lawyer Antonio Jose Cancino was wounded today in an attack in which two of his bodyguards died.

Serpa added that his attack shows that there is conspiracy that has shifted from political attacks to terrorist acts in an attempt to topple Samper.

Vice President Interviewed on Campaign Scandal

BR2609142995 Madrid EL PAIS in Spanish
23 Sep 95 p 5

[Interview with Humberto de la Calle, Colombian vice president and ambassador to Spain, by Luis Prados in Madrid; date not given: "De la Calle: 'Drugs Money Was Used in Samper's Campaign'" — first two paragraphs are EL PAIS introduction]

[FBIS Translated Text] Madrid — They say that when Charles de Gaulle was asked why he would not appoint a vice president, the general replied: "I would not like to see my ghost haunting my office every morning." Colombian President Ernesto Samper gave a different reply and appointed the vice president ambassador to Spain.

However, this diplomatic destiny could be much closer to the Casa de Narino (the Colombian presidential seat) than it appears. Humberto de la Calle, who spent his Bohemian youth in the literary movement known as "nadaismo" and who was brought into politics by former President Cesar Gaviria — he was his interior minister in 1993 — is now the best-placed liberal candidate, according to the opinion polls, for the presidential elections of 1998. That is, if he is not called on to succeed Samper before then, as the leader of the Conservative Party Andres Pastrama has already asked, who also demanded that Samper resign because of the alleged funding of his electoral campaign by the Cali drugs cartel.

[Prados] Why is a vice president based thousands of kilometers from his country?

[De la Calle] I can understand that this aspect of the Colombian Constitution might look strange to foreign eyes. The Colombian Constitution does not give specific functions to a vice president, only missions and special tasks that may be assigned to him by the president of the Republic. I agreed with the president that we would spend our first year working on the modernization of the state and then, given the fact that Spain will have the presidency of the EU, diplomatic movements should be made toward Europe, especially through my personal presence in Spain.

[Prados] Is Madrid a door into Europe for Colombia, or is it a springboard for your presidential candidacy, as was the case with Belisario Betancur and Samper himself?

[De la Calle] Three presidents have been ambassador in Spain. In addition to the ones you mentioned there was also Guillermo Leon Valencia. In my case, I am not using the ambassadorship as a kind of springboard. However, I am naturally in the public eye and I do not think that I will stay here for the rest of my career.

[Prados] Did Samper eliminate a political rival by sending you to Madrid?

[De la Calle] I do not think so because, among other things, the Colombian presidency categorically and decisively forbids re-election as of 1991. However, obviously there are those who interpreted my arrival here in Madrid as strategic. I still think that it is basically a diplomatic commitment, but at the same time I have repeated that I will continue to comment on Colombian

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public life and that I have commitments to the people that accompanied me in the past creating a slightly different line than the one toed by President Samper today.

[Prados] Can Colombia allow a president who is under investigation?

[De la Calle] It was President Samper himself who asked for the investigation. I think that is a positive thing that has not been sufficiently stressed. What Samper is saying is that he is entitled to be considered innocent until a legal decision is made, if any. I believe the president. I think that what is happening in Columbia is positive, in spite of everything. We are proving that we do have independent tax authorities and that they act with the support of the Colombian people and the government itself, that there is a rule of law state in operation, that people who are supposed to have had contact with the mafia are now behind bars, and that Colombian politics will be cleaner in the future.

[Prados] Would you swear on Samper's honor?

[De la Calle] You put me in an impossible position, because a public man cannot swear on anything. What I mean is that, as far as I know President Samper and his behavior, I trust his word and I am keen to see him emerge triumphant from this situation he has been put in.

[Prados] Can you give your word of honor that the Liberal Party did not receive any money from drugs traffickers during the 1994 electoral campaign?

[De la Calle] No, no, quite the contrary. To date the signs and the evidence are that, on the contrary, there was drugs money in the campaign.

[Prados] You were not aware of this illegal funding?

[De la Calle] No, certainly not. I was involved in a separate campaign from President Samper's and I entered the campaign at a later date and was not responsible either administratively or financially.

[Prados] Did the conservatives also receive illegal backing?

[De la Calle] I think there could be some conservative congressmen who were funded illegally. I cannot say whether this was the case in the campaign of Andres Pastrana.

[Prados] What about previous election campaigns?

[De la Calle] I cannot deny it outright. It is possible.

[Prados] Noemi Sanlo, former ambassador to London and former foreign minister, has recently resigned his post to regain his "freedom of criticism." Are you tempted to do the same?

[De la Calle] No, not at all. For two reasons. First, I feel that it is now very important to have Colombians abroad, fighting for Columbia's reputation. Moreover, as vice president my only possible option is to continue to believe the president's word, and I am not at all tempted by the possibility of resigning.

[Prados] What do you think of the statement made by conservative leader Andres Pastrana that Samper should resign and you should replace him?

[De la Calle] It is the opinion of the former candidate. In my capacity of vice president, the possibility of being called on to succeed the president prevents me from voicing any personal views on this subject. However, I would add that I have no interest in destabilizing Samper and becoming president in that way.

[Prados] The polls have you down as the favorite candidate for the Liberal Party. Will you stand in 1998?

[De la Calle] Yes, of course I am pleased with this result. I am not on the campaign trail, but future events will determine which way liberalism will go.

[Prados] Some commentators and deputies have said that the whole process is a neoliberal conspiracy originating in the United States.

[De la Calle] The United States has been involved in the past, but I do not believe in any conspiracy theory. It strikes me that sometimes a nationalist feeling is drawn over these subjects which I feel is prejudicial.

[Prados] In just over a month since the state of emergency was established the region of Uraba alone has seen almost 100 people killed. It does not seem to have done much good, though, does it?

[De la Calle] First let me clarify things by saying that there is no martial law in Colombia. On the contrary, even the state of emergency decree is subject to constitutional review, the press is still functioning, and so on. As you so rightly point out, the measures have not yet been effective. Immediately after the last killing we took some quite drastic measures. What is happening in Uraba is not a typical case of the violation of human rights by the state but a conflict between paramilitary groups, some of which have links to the drugs traffickers, and groups from the Colombian Revolutionary Armed Forces [FARC], and the victims were demobilized guerrillas from the Popular Liberation Army [EPL].

[Prados] Colombia must be one of the few countries in the world which knows how many people will be killed

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in 1995. Government forecasts state that, if things go on this way, then by the end of the year 31,399 people will have died. That is frightening accuracy. Is Colombia destined to be a violent state?

[De la Calle] I am concerned by these statistical games. I do not think that this methodological treatment of such a problem is right. However, President Samper himself said on TV that Colombia was the most violent country in the world. We have to reverse this trend. The guerrillas act with excessive cruelty, paramilitaries are legion and this has given rise to a violent chain of events that is being repeated day after day. The work of the state is to break this vicious circle.

[Prados] Would you dare put a figure on how far drugs trafficking has penetrated Colombian political life?

[De la Calle] It is hard to give a percentage. At the economic level it is clear that drugs trafficking does have an effect, but it does not have the determining effect that some people believe. The well-being of the Colombian economy does not depend on drugs trafficking. On the contrary, there are analysts who believe that drugs trafficking has been a hindrance because of what it has meant in terms of the loss of security, the loss of human lives, and so on, and moreover because foreign currency flowing into the country through underground channels has led to the revaluation of the peso which has been very costly in terms of competitiveness.

Most of the Colombian economy is reasonably healthy and exports such as oil and coffee have not been affected by drugs trafficking. Political life has been contaminated and there have been attempts to influence congress, but they have all been defeated a thousand times over. Whatever people say, we are not a narcodemocracy.

Samper Refutes 'Slander,' Accusations

PA2709132395 Mexico City NOTIMEX in Spanish 0157 GMT 27 Sep 95

[FBIS Translated Text] Santa Fe de Bogota, 26 Sep (NOTIMEX) — Colombian President Ernesto Samper said today that in a lengthy presentation, he denied all the "slander" said against him for the alleged financial contribution made by drug traffickers to his presidential campaign.

In a message read at the end of a 10-hour presentation before the Accusations Committee of the Chamber of Representatives, which is investigating him, Samper said he is confident that his participation today will lead to the truth being found in this case.

The Colombian president was accused of permitting his political campaign, which took him to the presidency in August 1994, to accept some 5 billion pesos (some $6 million) from local drug cartels.

"Without trespassing the limits imposed by law, I can tell Colombia today that simple common sense allowed me to totally disprove the cheap accusations," the president said.

Investigating Congressman Heyne Mogollon said after Samper testified before him that "I cannot say I am satisfied. I will be satisfied when the investigation is completed."

The presentation, which took place behind closed doors at the government seat, was headed by investigating congressman Mogollon and assisted by the Attorney General's Office as guarantor of the honesty of the questioning process.

In the communique, Samper said that "the dates, the places, the circumstances, were distorted. I was seen in Europe when I was not there and I was seen carrying out duties when I was not exercising them."

"I found an artificial and complex framework, very well drafted and extremely-well calculated, full of lies, prejudices, and unfounded accusations that were infiltrated not only to the public opinion that was caught off guard, but that were also infiltrated in the judicial actions themselves," he said.

The investigation against the president began at his request last August after he was accused by his former treasurer Santiago Medina of having known about the presence of illegal money in the election campaign.

"I am fully certain that the statement I made today is the best contribution I can do to establish the truth," Samper said.

The president said "it was the first opportunity I have had in several months to present my account of the facts."

Samper has denied any links with narcotrafficking and attributed the charges to a campaign to discredit his government and his family, made by the Cali Cartel, which has been accused in the past of introducing the largest amount of cocaine that entered the United States.

Between last June and August six of the seven members of the narcotrafficking cartel have been arrested, including the presumed foremost leaders, brothers Gilberto and Miguel Rodriguez Orejuela.

"I have denied one by one the charges leveled against me and I have responded one by one to the false and slanderous versions. The courts will evaluate and judge this new reality," the president stated.

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Samper insisted that the country's democratic institutions are not going to be destabilized "by acts of ignorance or by interests spurred by personal resentment, much less by obscure foreign interests, such as those which have begun to be expressed in these days."

Since the scandal broke out last July, three more collaborators of Samper's campaign have been arrested, including the director general and former Defense Minister Fernando Botero.

Botero resigned from the military post on 2 August and two weeks later was arrested by the Prosecutor General's office, which is investigating him for the crimes of illegal enrichment and forging of documents.

According to Medina, some of the economic donations made by the mafia to the presidential campaign arrived in cardboard boxes and were not registered in the accounting ledgers.

Samper expressed appreciation for the solidarity expressed in recent weeks by a large part of Colombians and for the loyalty of his officials, whom he asked to continue working on his government platform.

"I will continue to work tirelessly up until 7 August 1998 to defeat the violent ones and to fulfill to each and every one of you the social commitments I assumed when I became the president of all Colombians," Samper concluded.

Interview With Attorney General Vasquez

PA2709160995 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 27 Sep 95

[Interview with Attorney General Orlando Vasquez Velasquez by news director Dario Arizmendi in the Caracol studios; from "Caracol's 0600 to 0900" newscast — live]

[FBIS Translated Text] [Arizmendi] Assistant Prosecutor General Adolfo Salamanca has said that the prosecutors commission of that organization has established that the Attorney General's Office was involved in the leaking of information to the media during the investigation of Santiago Medina, former treasurer of President Samper's campaign. What is your answer to this accusation?

[Vasquez] Well, this is news to me. The country is getting used to these notifications and trials being conducted through the media, with the ostensible, flagrant and obvious violation of the clear principle of confidentiality in the investigations. However, let us clarify this situation. Truly, I have not received any official notification to this effect, and it would be worthwhile because the country demands it so that we may end this publicity spectacle, which harms justice very much. The country demands clarity, and results that are well-founded and logical.

[Arizmendi] Do you believe this old disagreement between the Attorney General's Office and the Prosecutor General's Office is due to a personal ill will? For instance, were you summoned for a preliminary investigation regarding these leaks mentioned by Assistant Prosecutor General Adolfo Salamanca, currently acting prosecutor general?

[Vasquez] Not at all. I have just learned about it now. You must recall that I had a long convalescence following three surgeries. Particularly of the third surgery, I was unable to watch the news last night. However, following those false remarks, which were made by a ranking government official, we will not only ask, but we will demand more clarity.

Moreover, we demand that if there are any charges, they be categorically stated because these days, all the charges made against us have been made merely through the media. We have always been willing — as public servants and in keeping with our duty — to clarify things as much as possible. Therefore, we will demand today that the Prosecutor General's Office gives us a clear reply regarding this situation, based on the rationale that we have always been willing to clarify the aspects of the case to put an end to this satanic game and perverse ploy of institutional destabilization, which is very detrimental to the country and society.

[Arizmendi] You were never made aware of details of the investigation of Santiago Medina by delegates of the Prosecutor General's Office or any other official who might have had access to the information? According to Salamanca's version, you had apparently received some thorough reviews drafted by your delegates in that case.

[Vasquez] I have no idea where these versions come from or what is their goal. I learned about this investigation just as the rest of the country did. I read about it in EL TIEMPO, the country's leading newspaper, which published all the details. As you may recall, the Prosecutor General's Office itself had to dismiss — at least, that is what the media did report — a man named Federico Valdes. Valdes was a member of the campaign of the then candidate for senator Alfonso Valdivieso, and he was in his list for the Senate. Valdes was dismissed by the Prosecutor General's Office precisely because he leaked information, and everything accuses him.

However, because of the principle of confidentiality, this information should not have been divulged. Thus, these remarks are false, and I would like to reiterate: I learned — along with the rest of the country as

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any ordinary citizen — about the investigation through reports published by EL TIEMPO. I have been very respectful of legal stipulations so that I can demand compliance by others. In this case, the principle of confidentiality is an imperative legal mandate so that the criminal investigations may end successfully.

[Arizmendi] Do you accept or deny having any contact with any official of the Samper administration following Medina's investigation?

[Vasquez] Yes, sir. Your allegation that I had presumably come from Giraldo to visit one of the ministers in his home is not true. I do not even know where they live. For instance, I have not spoken to [Defense] Minister Botero in more than four months. I believe I spoke to Interior Minister Serpa last week, 15 or 20 days after returning to my office because he asked for an appointment to discuss these problems, particularly the situation in Uraba, which has caused great commotion in the country. During my convalescence, I never even talked to any minister — much less with Interior Minister Serpa — on the telephone. Consequently, these deceitful versions, not by the media or the reporters — I clarify — but by irresponsible officials, should be sufficiently clarified, and with strength of character, we must put an end to this carnival of spectacles and publicity ploys aimed at fulfilling — we do not know under whose hand — some wicked objectives.

[Arizmendi] Consequently, and according to what you have just stated, might we conclude you are saying that the assistant prosecutor general — by making the remarks he has made to the media — is lying to the country and is an irresponsible official?

[Vasquez] I do not truly know if that irresponsible official is Salamanca. You are making a categorical statement. I do not know. The irresponsible official I have referred to — whoever he might be — is an untrustworthy official, who undoubtedly has access to the investigations into the case.

[Interview interrupted to air last minute report on attack on President Samper's lawyer Antonio Jose Cancino]

[Arizmendi] What is your view regarding this attack against Antonio Jose Cancino?

[Vasquez] This is very regrettable and quite worrisome incident. This attack on Cancino — one of the country's leading intellectuals and an authority on criminal law — indicates an ominous and perverse plan, which seeks an institutional destabilization with extremely serious repercussions for all of the country's institutions. Undoubtedly, this situation is very regrettable.

Ecuador

Ministry Denies Illegal Purchase of Argentine Weapons

PY2809004595 Quito Voz de los Andes in Spanish 2300 GMT 27 Sep 95

[FBIS Translated Text] The Ecuadoran Defense Ministry reiterated today that Ecuador does not have Argentine weapons. This statement was made in response to a report from Buenos Aires indicating that Argentine Defense Minister Oscar Camilion was alerted by the Argentine Air Force about the illegal sale of weapons to Ecuador.

The Ecuadoran Defense Ministry clarified at the appropriate time that no Argentine weapons came to Ecuador, Defense Ministry spokesman Colonel Carlos Badillo said today, adding that the Argentine report is a political problem in that country.

Bank Superintendent Arrested in Embezzlement Case

PY2709204495 Quito Voz de Los Andes in Spanish 1700 GMT 27 Sep 95

[FBIS Translated Excerpt] The Supreme Court has finally managed to issue a warrant for preventive detention in connection with the criminal trial over the alleged embezzlement of discretionary funds.

Banks Superintendent Ricardo Munoz handed himself over to the police before entering a hospital in Cuenca, 442 km south of Quito.

A congressional spokesman has said that Munoz is waiting for Congress to accept his resignation which he submitted last night.

Luis Tamayo, director of the hospital where Munoz is interned, said he suffered an acutely high blood pressure crisis and that he has been undergoing treatment for the past few days in Quito.

Tamayo said Munoz's health deteriorated due to the strain under which he has been living for the past few days due to the cases of corruption that caused his pressure to rise.

Late yesterday Munoz was charged and a preventive detention order was issued against him by Supreme Court President Carlos Solorzano for hindering court proceedings. [passage omitted]

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Border Disputes Jeopardize Integration Prospects

95P21084A Guayaquil EL UNIVERSO in Spanish 18 Sep 95 p 6

[Editorial by Katia Murrieta: "Integration vs. Border Problems"]

[FBIS Translated Text] The Rio Summit, which ended on 5 September with the Quito Declaration, laid on the carpet the stumbling block that border problems represent for Latin American integration. The Latin American Parliament, for its part, expressed the desire to create a regional community of nations, with goals similar to those of the EEC to encourage multilateral trade. However, it stressed the need to ratify the principle of peaceful solutions to disputes between nations. In what concerns us, the southern border remained closed from January (the start of the conflict with Peru) to 4 September when President Fujimori at long last decided to reopen it. This is positive, according to [Chilean] President Frei, and apparently reflects the intention of the Peruvian president to build a bridge to overcome our differences. Fujimori has also stated that his visit and a series of informal meetings should be interpreted as a rapprochement to achieve definite peace between the two nations." (EL UNIVERSO 5/9/95).

It has been said that the Andean Pact or the Rio Summit are not the appropriate venues to deal with the issue; nevertheless, we believe that any anteroom is fitting to discuss such important matters. What is important is, on the one hand, to uphold one's statements, and on the other, to arrive at a final solution. But it is definitely clear that for Peru—which upholds its position—negotiations must take place exclusively over the 78 undemarcated kilometers, and under the terms of the Rio Protocol. The door will then be open for arbitration—remember, previously they only talked about experts' appraisal—according to Peruvian lawyer De Trazegnie after a meeting at Harvard with Ecuadoran officials. This is the only change we have noted in Peru's position But for us, that [negotiating under the above terms] is not easy because it would imply the recognition of the Protocol and the renunciation of our sovereign rights over the Amazon. The prelude has ended. Both governments need a lot of decisiveness and courage to accept an agreement without defrauding and undermining the rights of their countrymen.

But beyond all the obstacles to trade relations that this could generate, there is the issue of worsening poverty in these countries, whose governments, instead of allotting the greater part of their budget to education, health, housing, and development, sacrifice these to maintain armed forces in defense of their territories. While such unresolved disputes remain, we will never achieve real Latin American integration because there will always be the danger of an armed attack, the closure of borders, the paralyzation of trade, and the increasing impoverishment of the population.

We hope to see the day arrive when Bolivar's grandiose dream becomes a reality: peace among Latin American countries, in exchange for a true union among them. [as published]

Businessman on Joining WTO, Power Shortage

PY2709193895 Quito Voz de Los Andes in Spanish 1700 GMT 25 Sep 95

[Interview with (Armando Tomaccelli), executive chairman of the Quito Chamber of Commerce, by Edwin Chamorro; place and date not given]

[FBIS Translated Text] [Chamorro] It was announced on 20 September that Ecuador will officially join the WTO, formerly known as the GATT.

We will now discuss this matter with (Armando Tomaccelli), executive chairman of the Quito Chamber of Commerce, who will tell us about the advantages this will represent for Ecuador.

[(Tomaccelli)] The main advantage is that we will belong to the most important foreign trade club in the world. Being a member of this organization means having the power to make decisions. For example, when we had problems with the EU over banana exports, the fact that we did not belong to WTO prevented us from directly talking with those whose decisions affected our exports. On that occasion we had to resort to intermediaries, but now we can directly defend our interests without the need for them.

[Chamorro] How will our trade benefit from entry to the WTO?

[(Tomaccelli)] Joining the WTO entails several commitments that match the long-term viewpoints of the Chamber of Commerce. Thus, we consider it advantageous for Ecuador's trade. For example, the elimination of provisional permits [autorizacion previa], except for items mentioned in laws — such as health certificates, drug control, and so forth. The existence of provisional permits has created great difficulties for Ecuador's foreign trade. If joining the WTO allows us to eliminate them, it is a positive step.

Until July 1996, we can maintain requirements for the importats of second—hand goods. From then on these requirements will not be based on administrative restrictions but rather on technical requirements and tariff policies. We will also have to review the calculation

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formula for special consumer goods that currently discriminates between foreign goods and national goods, sometimes even to the detriment of national goods. This also represents a positive step. Other issues include the adoption of multilateral rules on antidumping, subsidies, valuations, technical requirements, provisional permits, the country's duty to expeditiously issue health certificates, and the elimination in seven years time of price belts for agriculture goods, and so forth. All these issues have jeopardized Ecuador's foreign trade. They will be eliminated and that will make our imports and exports regime more expeditious.

[Chamorro] Do you think that our rather delayed entry to what used to be the GATT has or will harm our trade?

[(Tomaccelli)] Not having being a member of the WTO, or the former GATT, has prevented us from being active members and from directly participating in decision making. It is never to late to correct deficiencies. Now we are joining the WTO we must view this step as very positive.

[Chamorro] When do you expect concrete results will begin to show?

[(Tomaccelli)] Our trade flow will increase following the elimination of customs tariff by Ecuador and other WTO member countries. It is hard to say when the first results will begin to show, but I would say in a medium term, that is, in about two years time our foreign trade will experience a great growth, especially our exports.

[Chamorro] Ecuador will be respected, especially, for its offer of goods for Europe.

[(Tomaccelli)] That is what we hope, and that is the reason why we are joining the WTO.

[Chamorro] I would now like to change the subject. Regarding the rationing of electrical power, which will last until the end of the year, we understand this is seriously affecting the productive sector. Do you have statistics on the consequences of rationing?

[(Tomaccelli)] We do not have precise figures, but we know the power shortage is costing the country a lot. We estimate the commercial sector in Quito loses about 2 billion sucres per day. In addition to this are the losses sustained by the entire Ecuadoran commercial sector and the slowdown of the industrial, agricultural, and livestock sectors. If we add all this up we are talking about truly high figures. Moreover, as no hydroelectric power is being generated, we are consuming huge volumes of fuel oil to operate the thermoelectrical plants. This, in turn, means the country is not exporting crude because we need it to produce fuel for the power stations. If not, we would have to import fuel at a much higher price than we can sell our crude. The loses are huge. The country is suffering a real setback due to the irresponsible attitude of both this administration and of several previous administrations, for not having adopted the necessary measures to build new hydroelectric plants as scheduled in the electrification plan.

[Chamorro] What other suggestions or proposals does the Ecuadoran commercial sector have to solve this problem because, although the rationing will continue, the time will come when a definite solution must be found.

[(Tomaccelli)] The most urgent solution we have for this problem is to start operating the PHP [expansion unknown] with gas from the Guayaquil Gulf. We would thus have some additional 100,000 megawatts of power. Initially this plant would use diesel oil or some oil by-product and later gas from the Guayaquil Gulf at very low cost. The present solution to this emergency, generating power with the thermoelectric plants, is extremely costly. Projects like the Toachi Pilaton plant should be developed in the future.

[Chamorro] We have just heard (Armando Tomaccelli), executive chairman of the Quito Chamber of Commerce, explaining the advantages of joining the WTO. He also mentioned some proposals to solve the power shortage problem that is affecting Ecuador.

Peru

Deputy Foreign Minister To Attend Meeting in Brazil

PY2709185295 Lima Radio Programas del Peru Network in Spanish 1700 GMT 27 Sep 95

[FBIS Translated Text] Peruvian Deputy Foreign Minister Jorge Voto Bernales Gatica will attend the high-level meeting that representatives from the guarantor countries of the Rio de Janeiro Protocol — Argentine, Brazil, Chile and the United States — will hold in Brasilia on 5 and 6 October.

Voto Bernales will also meet with his Ecuadoran colleague Galo Leoro Franco [name and title as heard] within the framework of the peace process established in the Montevideo and Itamaraty declarations that ended the conflict in the Upper Cenepa region last summer.

Fujimori To Earmark 24 Million Soles for Family Planning

PY2709164195 Lima EXPRESO in Spanish 21 Sep 95 p A2

[FBIS Translated] President Alberto Fujimori yesterday said he considers his debate with the Catholic church

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hierarchy on birth control to be over, adding that the Peruvian people are free to decide what is best for them.

After reiterating that the family planning policy does not respond to pressure from international organizations like the World Bank and the IMF, Fujimori stated: "I am no longer willing to discuss this because the people are free, and wise enough, to chose their method. The (family planning) program will be implemented because it is part of the strategy to fight poverty."

He told journalists who accompanied him during the inauguration of police stations in northern Lima that "it would be very naive to believe this policy is the result of international pressure. The Peruvian state is free and sovereign."

The chief of state added that the family planning policy promoted by his government will be implemented this year. For this, the government will earmark a portion of this year's budget reserves. He added that the 1996 budget draft, which is being debated in Congress, for the first time includes a special sum of 24 million soles for the program that falls under the health item.

He explained that sterilization methods — tubal ligation (women) vasectomy (men) — will be free of charge, as will birth control devices like the copper T and the norplant [not further identified], among others.

The president reiterated that it is his government's duty to provide all information and medical assistance to the men and women of the country. He hopes, therefore, "he will not be seen as a sinner for acting like (the leaders) of other catholic countries, such as Spain and Italy."

He said he has still not received any promises of financial aid for the family planning project from any international organization, but added that "any aid will be welcome." He thus referred to the program developed by the United Nations in several countries of the world. [passage omitted]

Briones Briefs Congressional Committee on Police Bill

PY2709135695 Lima EXPRESO in Spanish
16 Sep 95 p A4

[FBIS Translated Text] On 15 September, the Defense Committee of the Peruvian Congress held a three-hour closed-door meeting with Interior Minister General Juan Briones Davila and Victor Alva Plasencia, National Police general director, to exchange viewpoints on the National Police Organization draft bill. The meeting was held at the Interior Ministry building on Corpac Avenue.

Although the position of the police authority on the bill was not disclosed, it was learned that Briones offered the full support of the executive branch to the drafting of a bill with the consensus of Congress in keeping with the needs of the police force.

Harold Forsyth, Union for Peru Movement (UPP) congressman; Briones; and Alva Plasencia explained their viewpoints to the committee and answered questions posed to them by legislators. The congressmen were then invited to tour the Interior Ministry installations; subsequently, a luncheon was held in their honor.

During the briefing session, Briones gave a detailed report on the programs designed to improve and equip the police force. He mentioned the purchase of new patrol cars, and the construction of police posts in the border region.

According to Forsyth, the police salary issue was also one of the subjects discussed.

Congressional committee Chairman Gilberto Siura, a member of the Change 90-New Majority Movement, said that in the next few weeks, the committee plans to conduct inspection visits to the various police posts located throughout the 13 police regions, as well as other police posts and barracks. He said that the objective of these visits is to learn opinions about the bill.

Uruguay

Cuba To Pay Part of Foreign Debt With Medicines

PY2709170695 Madrid EFE in Spanish
1526 GMT 24 Sep 95

[FBIS Translated Text] Montevideo, 22 Sep [date as received] (EFE) — An official source today told the magazine SUCESOS that part of the $35 million that Cuba owes Uruguay for the purchase of chickens and milk products could be paid with medicines, especially with a vaccine against Hepatitis B.

The subject on the debt resurfaced following the announcement that Cuban President Fidel Castro will visit Uruguay in October on his way to Bariloche, Argentina, where he will participate in the 5th Ibero-American Summit on 16 and 17 October.

Uruguayan Foreign Affairs Under Secretary Carlos Perez del Castillo, who made an official visit to Cuba two weeks ago, told SUCESOS that several formulas for paying the debt are being studied, including the purchase of high-tech Cuban vaccines.

Perez del Castillo believes the visit of Castro, who will arrive in Montevideo on 13 October and leave for Bariloche on 14 October, will help to unblock bilateral economic and trade relations which, he said, have been "quite sluggish" due to factors like the debt.

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Uruguayan exports to Cuba fell from $13 million in 1989 to $3 million in 1994 after the Reciprocal Credit Agreement was put on ice. This agreement had been signed by the Central Banks of the two countries but Cuba was unable to comply with it.

The Uruguayan Foreign Ministry "Number Two" stressed that during his visit to Havana he observed "encouraging signals" of a change in the economic situation.

Notwithstanding, he said: "For Cuba to become part of the international sphere they must work toward an opening, toward the strengthening of the external sector, toward the modernization of its productive apparatus. I believe all this actions are contained in the plans of the Cuban Government."

This will be Fidel Castro's first visit to Uruguay since 1959. It has unleashed criticism among some sectors of the two traditional Uruguayan political parties — the Colorado Party and the National or Blanco Party — which have been governing in a coalition since March 1995.

Castro will meet with President Julio Maria Sanguinetti, who in 1985 during his first presidential mandate renewed diplomatic relations with Cuba. Relations had been broken off since 1964 due to an OAS resolution.

Both this government and the previous Blanco Party government have expressed their opposition to the U.S. trade embargo against Cuba and are against the Helms-Burton bill that calls for sanctions against those that trade with or invest in the island.

Cuba's Castro To Pay Official Visit

PY2709220995 Montevideo LA MANANA in Spanish 21 Sep 95 p 6

[FBIS Translated Text] The Uruguayan Foreign Ministry has officially announced that Cuban President Fidel Castro will make an official visit to Uruguay in October. Castro will meet with President Julio Maria Sanguinetti during his stay in Uruguay.

The Foreign Ministry announced that the Cuban president accepted Sanguinetti's invitation to visit prior to the Ibero-American Heads of State Summit in Bariloche, Argentina, on 16 and 17 October.

Castro's agenda in our country, which was arranged by Foreign Under Secretary Carlos Perez del Castillo, includes discussions on bilateral, political, integration, and common international issues. Also included in the agenda is the issue of the $35 million debt that Cuba has with our country.

The two governments, through their respective Foreign Ministries, are currently finalizing Castro's visit, which will be his second visit to Uruguay. Castro's first visit was in 1959.

Cuba and Uruguay had no diplomatic relations between 8 September 1964 and 17 October 1985. Our country resumed relations with Cuba during President Julio Maria Sanguinetti's first term (1985-1990).

Uruguay severed relations with Cuba following an OAS assembly in Punta del Este which recommended Cuba's isolation.

On that occasion Uruguay abstained from voting on the resolution, but shortly afterwards the government closed our embassy in Havana and interrupted commercial and consular relations as well as the transit of individuals.

The two countries increased their political, commercial, cultural, scientific, sports, and tourist relations again after they resumed relations in 1985.

Cuban-Uruguayan relations cooled again during the Luis Alberto Lacalle administration. Lacalle criticized Castro and the Cuban regime during the summit of continental heads of state, demanding the island's democratization.

Relations between the two countries warmed up again with the return of Sanguinetti to power. Last week Foreign Under Secretary Carlos Perez del Castillo paid an official visit to Cuba.

He said: "Uruguay is interested in reactivating trade with Cuba, and to see and learn what Cubans are doing to open their economy and accept investments."

During his stay in Havana the Uruguayan foreign under secretary met with Cuban Foreign Minister Roberto Robaina; Economy and Planning Minister Jose Luis Rodriguez; Ernesto Melendez, foreign cooperation and investments minister; Foreign Trade Minister Ricardo Cabrisas; and Education Minister Jose Ignacio Gomez.

Chilean Businessmen Express Investment Interest

PY2709174495 Buenos Aires TELAM in Spanish 1240 GMT 25 Sep 95

[FBIS Translated Text] Montevideo — Chilean enterprises are willing to invest in infrastructure works and in Uruguay's reformed social security system that now allows the private sector to acquire social security savings.

Uruguayan Foreign Minister Alvaro Ramos ended an official three-day visit to Chile on 23 September. He reported that Chilean businessmen are interested in participating in the construction of the bridge to join

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Buenos Aires with the Uruguayan city of Colonia, some 180 km from Montevideo.

Ramos met with members of Chilean-Uruguayan Chamber of Commerce, a private concern, at the Uruguayan Embassy in Santiago. He outlined the budget and investment policies of Julio Maria Sanguinetti's government to the Chilean businessmen.

The Chilean businessmen said they would consider participating in the modernization of five Uruguayan ports and in the creation of the Integrated Wholesale Electricity Market of the River Plate, in which Argentina and Brazil are already participating.

In the 24 September issue of the Montevideo daily EL OBSERVADOR, the foreign minister confirmed that executives of the Social Security Funds Administrators [Administradoras de Fondos Previsionales] expressed "firm interest" in participating in the reform of the Uruguayan social security system.

The restructure of the Uruguayan social security system was approved in August 1995 and is one of the most important measures to have been approved in the country during the past few years.

The new system, which eliminated the state monopoly in the social security sector, seeks to correct the severe financial deficit of the system that was generated through an imbalance between assets and liabilities, and a high percentage of evasion that increased the deterioration of Uruguayan public accounts over the past few years.

Malaysian King, Sanguinetti Review Investments

PY2609152595 Madrid EFE in Spanish
1645 GMT 25 Sep 95

[FBIS Translated Text] Punta del Este (Uruguay), 25 Sep (EFE) — Malaysian King Tuanku Ja'far Ibni Almarhum Tuanku Abdul Rahman met Uruguayan President Julio Maria Sanguinetti on 25 September to discuss the possibilities of trade and investments between the two countries.

Accompanied by Queen Tuanku Najihah and a large entourage, including a group of Malaysian entrepreneurs, the Malaysian king began on 23 September an official visit to Uruguay, the first leg [as received] of his tour of America's South Cone.

The royal couple spent the weekend on tourist activities. His official program began on 25 September when he met with Sanguinetti at the Uruguayan presidential residence.

The visit seeks to enhance ties between Uruguay and Malaysia, which did not even have diplomatic relations until last year, and to achieve trade operations and investments between the two nations.

Carlos Garramon, the Malaysian consul in Uruguay, today noted that for a long time this Southeast Asian country has been implementing a strategy to enhance relations with the South Cone, as indicated by the opening of embassies in Buenos Aires and Santiago de Chile, and a consulate in Montevideo.

In remarks to a Montevideo radio station, Garramon added that Malaysia, with an estimated 9.5-percent economic growth for 1995, already has investments in Argentina and Chile, and wants to increase them in Uruguay.

The consul added that the King's visit, following a visit by the Malaysian industry minister and an entrepreneurial delegation, and the establishment of a direct airline service linking Kuala Lumpur with Montevideo, confirms Malaysia's interest in Uruguay.

The Malaysian king and queen left the Uruguayan presidential residence for Congress where they will meet the presidents of the two chambers and have lunch.

The Malaysian king and queen will participate tonight in a reception in their honor by President Sanguinetti. King Tuanku Ja'far Ibni Almarhum will play golf at the Punta Carretas Club on 26 September. On the evening of 26 September, the Malaysian king and queen will host a reception for Uruguayan authorities.

The Malaysian king and queen will end their visit to Uruguay on 27 September, after a tour of Montevideo.

Entrepreneurs Meet With Sanguinetti

PY2709220795 Madrid EFE in Spanish
2302 GMT 26 Sep 95

[FBIS Translated Text] Montevideo, 26 Sep (EFE) — Malaysian entrepreneurs accompanying the Malaysian king during his official visit to Uruguay have announced that they will participate in the international tender to build a bridge, 45 kilometers long, across the River Plate.

The news coincided with the visit of Malaysian King Yan DiPertuan Agung Tuanku Ja'far, and a group of entrepreneurs to Government House to meet with President Julio Maria Sanguinetti.

The entrepreneurs stressed their experience in this type of works. They mentioned that they built the longest bridge in the world linking Malaysia with Singapore.

The Malaysian king's visit has become an important commercial forum. Malaysian entrepreneurs expressed their desire to increase bilateral trade.

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Uruguay established formal diplomatic relations with Malaysia a year ago. The first visit ever of a Malaysian king to the country has contributed to strengthen the two countries econmic, social, and cultural relations.

The 60 entrepreneurs who form the Malaysian delegation met with their Uruguayan counterparts and received information on products. They are particularly interested in investing in Uruguay.

The Malaysian delegation visit has brought to the fore studies being conducted on the environmental impact of the River Plate bridge that will link both sides of the River Plate within the framework of an ambitious project as part of the Common Market of the South highway linking Sao Paulo (Brazil) and Buenos Aires via Uruguay.

Venezuela

Saudi Petroleum Minister Addresses Energy Meeting

LD2709193295 Riyadh SPA in Arabic 1645 GMT 27 Sep 95

[FBIS Translated Excerpt] Puerto la Cruz, 27 Sep (SPA) — 'Ali Bin-Ibrahim al-Nu'aymi, Saudi minister of oil and mineral resources, has stressed that the Kingdom of Saudi Arabia, under the leadership of King Fahd Bin-'Abd-al-'Aziz, the custodian of the two holy mosques, has for a long time supported the holding of dialogue between petroleum producers and consumers and has participated in them to review and discuss the issues that concern both sides, such as stability in the world oil market, conciliation between issues of energy and the environment, and ways of promoting economic growth.

In an address yesterday, 26 September, to the Fourth International Energy Meeting, held in Puerto la Cruz, Venezuela, his excellency stressed the importance of dialogue and exchange of views to build constructive relations between the producer and consumer countries in a way that would benefit our societies, and maintain continued world economic growth and protect the environment. [passage omitted]

He pointed out that the worldwide reintegration of the petroleum industry will facilitate security of supplies to the consumer and open markets to the producer, in addition to obtaining added value from downstream operations. He said: I am pleased that the reintegration of the petroleum and gas industries is one of the pivots of discussion at this meeting. [passage omitted]

Touching on the changes experienced by the world oil market, the minister said: "While the growth of demand for oil is slackening in the countries of the OECD as a result of the increasing efficiency of its use and of government policies aiming at reducing the demand, the demand in the developing countries is rising quickly and in parallel with economic growth. The share of these countries is expected soon to go beyond the share of the traditional markets of Europe and North America." [passage omitted]

"For the developing countries, which constitute one third of the world population, the situation must be totally different. The first priority for these countries is to get energy at moderate prices and steadily in order to eradicate poverty, develop their peoples, and maintain their economic growth."

He added: The developing countries and the petroleum exporting countries will be affected as a result of the link and relationship between economic growth and adopting specific policies regarding the environment. The minister of petroleum and mineral resources talked about the ongoing discussion on energy and the environment. He said: Economic growth based on petroleum has led to the provision of information and modern technology which could contribute to the protection and improvement of the environment. The environmental concern has been centered for two decades on the worldwide negative effects of fossil fuels on the environment. It is common knowledge that the future and persistence of economic growth in developing countries depend largely on the availability of gasoline.

Goals of Finance Minister's U.S. Visit Viewed

PA2809005195 Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Sep 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] The government is looking for ways to pull the country out of crisis through support from multilateral organizations. Finance Minister Luis Raul Matos Azocar traveled to the United States today for this purpose. He plans to present to IMF, World Bank, and Inter-American Development Bank representatives an integral program based on the government's political ideas:

[Begin recording] [Prado] The proposal is known as the Venezuela Plan and is based on gradual adjustments to macroeconomic variables, which means that no shock policy will be implemented. Coordination and Planning Minister Edgar Paredes Pizzani, who is temporarily in charge of the Finance Ministry, has said that state reforms and social programs must accompany any modifications. The following ideas will be presented to the IMF: fiscal equilibrium within two years; restructuring of the foreign debt, with payments on it amounting to no more than 25 percent of the budget; fiscal reforms; and abrogation of controls.

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[Paredes] The first round of talks will be with IMF authorities. We will ask for a joint meeting with the multilateral organizations with headquarters in Washington, if possible. We expect that Venezuelan and Venezuelan Government policy — an independent and sovereign policy that considers not only isolated economic and macroeconomic variables but also their political and official consequences — will be understood.

[Prado] If the IMF stops being rigid and offers aid to nations with problems and with no free-market policies, Venezuela could have immediate access to $1.5 billion and to a general program that would represent the delivery of $7.5 billion in several years. [end recording]

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